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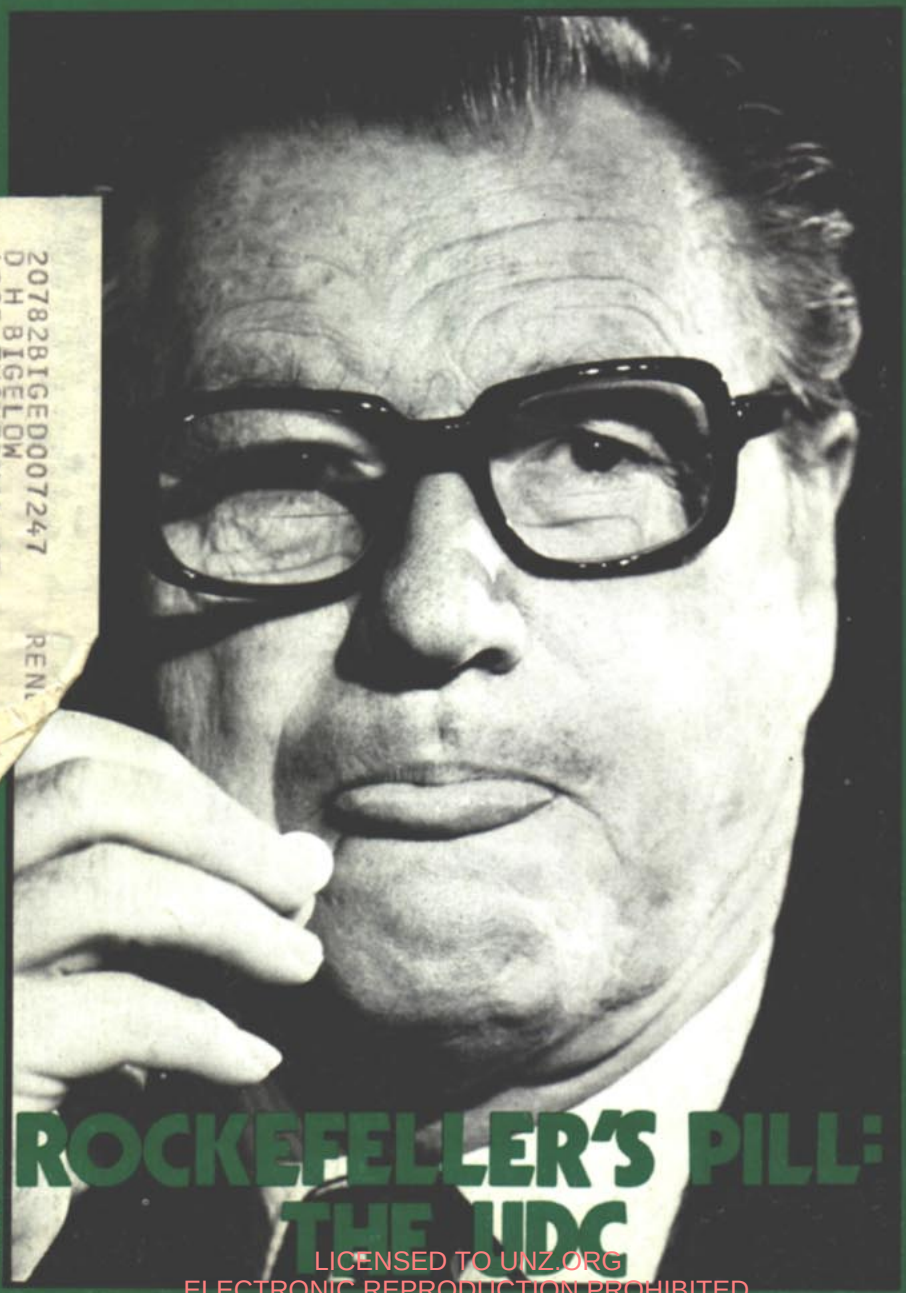

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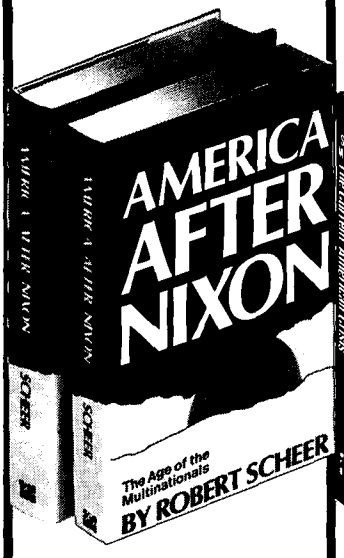

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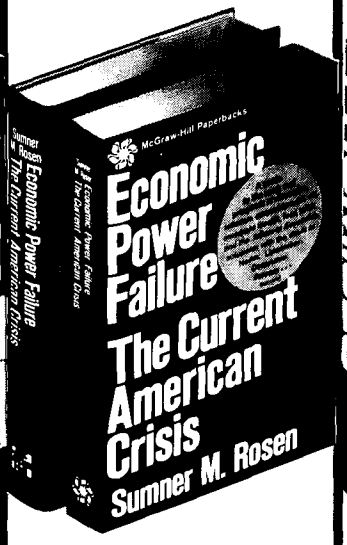

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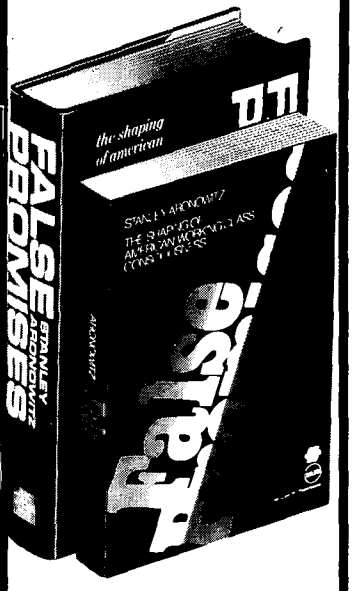

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Wedding Presents, Cigars, and Deference

by Thomas Redburn

It's a Washington party. The details are unimportant. Perhaps it is part of the convention of the National Association of Broadcasters (NAB); or perhaps it is the annual gathering of the Federal Communications Commission Bar Association; or a celebration to kick off a new television program. There are probably two or three genuine celebrities present, but most of the people are broadcasting network executives, owners of television stations, lobbyists for the industry, communications lawyers, and a few government officials involved in broadcast regulation.

A broadcast lobbyist is wandering through the crowd. He spots a familiar face. Almost automatically he reaches into his coat pocket to find the cigar he is in the habit of offering to this man. This time, however, he discovers that he has run out. Oh well, he thinks, the man will never notice. But he's wrong. "Where's my cigar?" demands Nick Zapple.

Nick Zapple has come to expect such favors as a matter of course. In his mind, they go with his job. A cigar may not seem like much, but on the face of it, neither does his job. Zapple is one of the more anonymous holders of power in Washington. The *Congressional Staff Directory* lists him merely as one of 21 staff counsels for the Senate Commerce Committee. And while the guide contains nearly 2,000 brief biographies of important Capitol Hill staff assistants, there is none on Zapple. To the people engaged in the politics of broadcast regulation, this is a startling omission, for, to them, Zapple is a central figure. Almost *the* central figure. As one communications lawyer told me, "For those of us who work in this world, from the way we talk and act, you'd think there was no one more important than Nick Zapple. It must seem a little unreal to an outsider, but we can't help it."

Zapple's importance derives from his position as chief counsel (and virtually the only professional staff) of the Senate Commerce Committee's Subcommittee on Communications. He can be seen at any public hearing of the subcommittee, sitting next to the subcommittee chairman, Senator John Pastore. There are seven senators on the subcommittee, but at most hearings the other six wander in and

Thomas Redburn is an editor of The Washington Monthly.

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out, asking only an occasional question. Whenever the senators appear they make a point of remembering to put up their name cards—in case anyone forgets who they are. There's no need for a name card for Zapple; everyone in the room already knows who he is. It is a small world, of which Zapple is a central part, that revolves around the Federal Communications Commission (FCC). More than a hundred people are in the room whenever the subcommittee meets, and they may be practically the only ones in the world who find the testimony and questions absorbing; to anyone else, the session would seem boring and irrelevant. But this insularity of interest is exactly what gives the comparative handful their influence.

Nothing makes this clearer than witnessing a typical subcommittee hearing. For instance, at the annual FCC oversight hearings in April, Richard Wiley, the FCC chairman, read a 31-page summary of all the Commission's activities over the past year. None of it was noteworthy enough to make the daily newspapers, yet within the audience, carefully following copies of the testimony, were many of the people who comprise the subgovernment within which broadcasting policy is set: the seven FCC commissioners, the Commission staff, the communications lawyers who make up the FCC Bar Association, the representatives of the television networks, the lobbyists for the NAB and the Association of Maximum Service Telecasters. You could also see reporters for the trade magazines like *Broadcasting*, *Television Digest*, and *Variety*.

Everybody Knows My Name

Nick Zapple is the man who brought all these people together. He sits next to Pastore, occupying one of those high-backed, overstuffed, leather chairs normally reserved for elected legislators. No small wooden chair set against the back wall for him. From his prominent position, he surveys the crowd with a knowing half-smile on his face. He still has a flat-top out of the 1950s, like H. R. Haldeman before he grew his hair. He is clearly content with where he is and what he is, and with reason. Zapple claims he has been asked to become FCC chairman, but he's turned it down because he finds his present position more important and more interesting.

Zapple's reluctance to go to the Commission doesn't come from the fear that the FCC is unimportant or ineffectual. He, more than most people, is aware of the crucial part the FCC can play in regulating the television and radio industries. But although it is the FCC which draws most of the attention from the public, it is Zapple, not the FCC commissioners, who is spoken of with a mixture of fear and respect by broadcast lobbyists. One indication of this is that just one person I interviewed, a former reporter for *Broadcasting*, was willing to speak on-the-record about Zapple.

'You Belong to Us'

By now it is a truism that the FCC is not the independent commission the law says it is. The FCC has often been pointed to as a prime example of a regulatory agency "captured" by the industry it is supposed to oversee. While there is a good deal of validity to the charge, it also oversimplifies the process. What is often forgotten is that occasionally the FCC breaks out of its lethargy and does something unexpected, creating an uproar among all those broadcasters who depend on a docile Commission. When the smoke clears, the true pecking order is revealed, as the FCC is quickly reminded that it isn't allowed to just wander off on its own, doing whatever it feels like.

This is where Congress enters the picture. Newton Minow, FCC chairman from 1961 to 1963, tells the story of an encounter with House Speaker Sam Rayburn soon after

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being appointed. Rayburn, exuding friendship, put his arm around Minow and said, "Just remember one thing, son. Your agency is an arm of Congress, you belong to us. Remember that and you'll be all right." Rayburn then warned Minow to expect a lot of pressure from outsiders. In retrospect, Minow says that "what he didn't tell me was that most of the pressure would come from Congress itself."

But what is wrong with that? Isn't that just democracy in action? Not exactly. Congress' relationship with the FCC is complicated by the awareness on the part of each legislator that he is dependent on local broadcasters for his access to the voters. A majority of congressmen regularly use free time offered by these local broadcasters to report to their constituents. Congressmen also know that broadcasters have a great deal of latitude when it comes to how politicians are presented on news programs. It may be only a simple matter like a post office opening. The local newscaster can say just as easily, "The Postal Service announced the opening of. . . " as "Congressman X announced the opening of a new post office. . . . "

At the same time, broadcasters are dependent on the FCC to retain their licenses, the government charters which assign them broadcast frequencies. Such a permit may be an entirely artificial product, but it has very aptly been called a license to print money. In any major city a television station can probably be sold for about $50 million. Since the value of the station's tangible assets probably do not exceed $3 million, the $47 million remaining is the real value of the government franchise, the broadcasting license. What drives fear into the soul of a broadcaster is the realization that periodically these licenses must be renewed by the FCC. Theoretically, the Commission has the right to assign these valuable commodities elsewhere.

With their sway over elected

L. to R.: John Pastore, Nick Zapple

legislators, however, broadcasters have found an effective way to guarantee that the bonanza does not end. Paul Comstock, former vice president of the NAB, has said: "Most of our work is done with congressional committees. We concentrate on Congress. We firmly believe that the FCC will do whatever Congress tells it to do, and will not do anything Congress tells it not to do." Thus both Congress and the industry, united by a mutual fear of each other, coexist warily, like two boxers just sparring for a few rounds. They circle each other uneasily, both afraid to strike a serious blow.

Imagine what can happen, then, when this delicate equilibrium is disturbed. In January 1969, for example, the FCC voted to take away the license of TV station WHDH in Boston and award it to a competing applicant. The reasons for the decision were complex, the circumstances unusual, but the decision touched off a firestorm since this was the first time ever that the FCC had failed to renew the license of a television station.

Although the Communications Act explicitly holds that stations are granted no legal property right to their licenses, the unwritten code of the FCC was that licenses would only be revoked for high crimes and misdemeanors. But in the minds of the broadcasters, the WHDH decision

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destroyed this delicate understanding. *Broadcasting* set the tone of the ensuing debate, charging that the FCC was out to "jeopardize broadcast holdings that, in the top 50 markets alone, are valued at more than $3 billion. . . . The shock waves of the losses would be felt by thousands of big and small stockholders alike, threatening the financial underpinnings of the broadcast industry and possibly swamping many small broadcast groups."

The only hope of stemming the tide of anarchy seemed to be Congress. After enjoying being the object of an almost indecently intensive lobbying effort, Senator Pastore vowed at the NAB convention to protect the precious licenses: "It is my deep-seated conviction that public service is not encouraged or promoted by placing the sword of Damocles over the heads of broadcasters at renewal time."

When Pastore and dozens of other legislators introduced bills to change the Communications Act to prevent a recurrence of the WHDH decision, the FCC got the message. It adopted a policy statement which had approximately the same effect as the proposed congressional legislation. Although the FCC policy statement was voided for a number of intricate reasons by the Federal Court of Appeals, the crisis was over. Broadcasters became confident that the FCC had learned its lesson and had no further interest in threatening the sanctity of broadcast licenses. Still, license renewal hearings around the country began to attract competing applicants with annoying frequency, so the NAB continued to push for congressional protection. In 1974, with congressional elections near, the House passed a new license renewal bill providing broadcasters with a number of protections against challenges. The Senate followed suit with a slightly different bill. It appeared that the broadcasters had finally gotten what they wanted. But Rep. Harley Staggers, chairman of the House Interstate and Foreign Commerce Committee, was angry at the broadcasting lobby for forcing through a provision extending the license period from three to five years. Peevishly, he refused to appoint conferees and the bill died at the end of the session.

Zapple Days Are Here Again

The license renewal issue is the most important recent example of the lengths to which the broadcast industry will go to protect itself from outsiders. What has Zapple's role been in these efforts? Zapple served as a quarterback for the industry lobbyists during the 1974 attempt to push through the bill. He met with broadcasting representatives frequently to plan approaches to individual senators. This went on behind the scenes, usually at lunch or dinner, because Pastore, for reasons of his own, tried to avoid being too closely identified with the proposed legislation.

But in this case, Zapple tried to use his position to go beyond the legislative intent of the Senate. The 1974 bill was not a complete sell-out to the broadcasters. Yet Zapple was able to undermine the bill's more public-spirited provisions. He did this through his position as chief counsel of the subcommittee, which gave him

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responsibility for writing the committee report on the bill. These committee reports, which are long and detailed documents written by the staff and almost never read by the senators, are important because they help the courts and administrative agencies interpret the legislative intent of Congress. Normally they adhere as closely as possible to the language of the bill and the oral discussions in committee. In mark-up sessions, Zapple surprised some observers by taking "a public interest line." But when it came time to write the report, Zapple, who had the actual writing done by someone else, attempted to have the report phrased in such a way that it, in the words of one observer, "changed the meaning of some sections 180 degrees."

License renewal protection is not the only issue in which broadcasters have used congressional committees to alter the actions of the FCC. Another example involves cable television, which the broadcasters see as a threat to the preservation of their markets. The FCC has, under the prodding of Pastore, generally worked to delay the development of cable systems because of this fear. Pastore was also angry at cable television because back in 1960 the industry at the last minute failed to fully support a bill he introduced to regulate them. Originally assured of the support of the industry, Pastore discovered that one faction of cable system owners was working against him and they managed to defeat the bill on the Senate floor by one vote. Pastore has yet to forgive them.

The dispute between cable and conventional broadcasting is complicated and the issues are generally not clear-cut. But here again Zapple has been able to help the far more powerful broadcasting industry against competitive efforts. For example, consider what happened when the FCC, under the chairmanship of Dean Burch, attempted to institute regulations governing the infant pay cable television industry. Over a year's time the FCC went through the long administrative procedures leading to the writing of new rules. The Commission, after holding hearings, oral arguments, and the like, was finally prepared to issue the rules in early 1974. Burch pledged to finish the job before he left the FCC to join the sinking White House. But only a few days before Burch was to depart, with rumors flying in the trade press, Gordon Rule and Leonard Goldenson of ABC went to Zapple and demanded that something be done to prevent the FCC from acting. Zapple persuaded Senator Magnuson, chairman of the full Commerce Committee, to talk to Howard Kitzmiller, the FCC's mild legislative liaison. Kitzmiller, who spends more time in Zapple's office than in his own, dutifully warned Burch that Zapple and Magnuson were displeased. Burch was surprised and angry that this was happening at such a late date. Burch asked for a meeting with Pastore, but Zapple, performing his role of buffer for the Senator, tried to put Burch off. Much of Zapple's importance derives simply from his control over access to Pastore on communications issues. Finally Burch managed to see Pastore by going directly to the Senate without an appointment. Pastore, sources say, "yelled and screamed" that the FCC was trying to ruin the public's right to free programming. Burch tried to persuade him that the rules were not a serious threat to free broadcasting at all. Yet when Burch left the FCC soon thereafter, nothing had been said or done about the new rules for pay cable TV.

Zapple seems to relish such opportunities to wield his power and to keep those who must deal with him on edge. During the most recent congressional effort to provide appropriations for public broadcasting, he could not resist playing games. What Zapple did was to create the impression that Pastore was wavering in his support for the money the public broadcasting system was asking for. Although the evidence suggests that Pastore never had any doubts

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about supporting the funding request, Zapple's maneuvers created such furor among the public broadcasting executives that they courted Zapple shamelessly. Earlier the Public Broadcasting Service had given prime time coverage to the subcommittee's hearings about public broadcasting, an event lacking most of the elements of drama of, say, the Watergate hearings. Nonetheless, while somewhat incestuous, the whole episode isn't particularly surprising. What is odd about the whole affair is that even in the one instance where he was on the right side, Zapple could not help acting in his traditional fashion and promoting his own importance.

A Gross Mistake

Another way in which Zapple uses his position is to make constant, petty demands of the people he deals with. For instance, Zapple once asked Doug Anello, then general counsel for the NAB, to send a dozen steaks to him at his home on Cape Cod. It seems that you can't get good meat on Cape Cod. The steaks were ordered from Bolton and Smart, a meat company in Boston, but by mistake Zapple was sent 12 boxes of 12 steaks each. The NAB picked up the tab and Zapple never even said thank you.

Over the years, Zapple has demanded that industry lobbyists take him to lunch, pay for his liquor, and generally supply him with what Zapple sees as all the appropriate perquisites of an important position. In nearly all cases these gifts have been minor. Zapple was once caught by Jack Anderson accepting a number of gifts, including a $1,000 silver service set, from Don Burden, a broadcaster in trouble with the FCC, but that seems almost an exception to his general pattern. What seems to motivate Zapple is not the value of the gifts, but the recognition of importance and power they represent.

For instance, in the summer of 1968, one of Zapple's daughters was married. It was important to him, naturally, that his daughter have a fine wedding appropriate to his station in the world. He solicited presents from a number of broadcasters and lobbyists for the event. Among other things he asked one group to supply the champagne, another to bring a turkey. A Seattle television station sent his daughter a color television set.

The pattern of relationships between lobbyists and public officials is often smoothed, of course, by free meals and other perqs. What is strange about Zapple is how he has come to expect such things as his due. You can be sure the lobbyist mentioned earlier did not again forget to bring Zapple a cigar. To many of those who know him, Zapple seems to keep a mental ledger, with each token of friendship neatly catalogued in place. One former member of the White House staff says that it is his impression, "Zapple has never picked up a tab in his life."

At times he can carry things too far. It isn't enough that he be given just one cigar, I've been told. There are times when he's reached into the box, as it is being passed around the dinner table, to take four or more. Such behavior leads some lobbyists to disdain Zapple for his boorish habits. It's as if Zapple wanted to be sure that the important people he deals with cut him in on the good things, yet doesn't know quite how to respond when they do.

This sets up a tension in the relationship between Zapple and the lobbyists. *Broadcasting*, the mouthpiece of the industry, even felt called upon once to mention Zapple's outstanding ability for sponging: "He is generally conceded to be the most knowledgeable man on Capitol Hill when it comes to broadcast regulation. He has acquired a store of information by assiduous research. At almost any accessible gathering of broadcasters, especially if the wines are vintage and the cuisine dependable, Mr. Zapple is to be found collecting expertise and often disseminating it."

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What strikes one about so much of this is the overwhelming pettiness of his demands. It all appears far more important for its ritual content than for the gifts themselves.

Present at the Creation

Zapple has been connected with the rise of television almost from the beginning. From his position he has been a part of practically every important piece of broadcasting legislation or congressional study of the last 25 years. His service on the committee predates Pastore, who became subcommittee chairman in 1955, by almost five years.

He has been a constant disappointment to those trying to push Congress in a more liberal direction: "At first I thought Pastore was just a servant of the broadcasters and that Zapple was venal, even corrupt," says one source who's tried to influence legislation in the Senate. "But I don't think so anymore. Pastore has divided impulses between a populist streak and his softness toward business interests. The frustrating thing is that time and time again Zapple has missed the opportunity to push Pastore in the direction of serving the public."

Such idealism seems incongruous when talking about Zapple, for he is clearly a man without idealistic impulses of his own. While it is certainly true that a staff assistant can be an important force for good, Zapple is in an entirely separate category. But it is undeniable that he has power, even if it is primarily only the power to promote the interests of an already rich and important group.

This may help explain Zapple's reluctance to assume the post of FCC chairman. Zapple himself knows the advantages of relative anonymity—he does not need or crave the limelight. You only need contrast the publicity Nick Johnson received when he was a relatively ineffectual FCC commissioner, with Zapple, who rarely emerges from the shadows. Johnson's power to enlist the press was important, but ethereal, quickly fading away like the smoke from a gun. Yet Zapple continues to be courted with a deference which borders on sycophancy.

Despite an occasional success by outsiders in pushing the broadcasting subgovernment in a more liberal direction, it is still true that most of the questions concerning industry policy are decided by a small and close-knit group. Against this backdrop, it is particularly disturbing when journalists from the trade press do little to overcome the closed nature of the subgovernment. A number of trade reporters are aware of the practices which have been described here, but they are never written about. Partly there is the sense that such matters aren't really news, for they simply describe the way things are. More important, though, is the manner in which reporters are frequently drawn into the net by their dependence on people like Zapple. One former reporter told me: "Zapple was a good source. When he said, 'This is what we're going to do,' it happened. He was nearly infallible. Consequently I could go in and talk to him on a not-for-attribution basis for 20 minutes and emerge with one or two good stories. I didn't have the time to chase all over town."

It is difficult to say how different television would be if these arrangements were transformed. Practically all domestic politics is organized along essentially the same line, with each congressional fiefdom supporting its own world of executive branch bureaucrats, lobbyists for the affected interests, and assorted lawyers, consultants, and trade reporters. Perhaps these institutional arrangements arise from what the public really does want, or at least will tolerate. Still, you don't have to be a Marshall McLuhan devotee to realize that television has had some fairly profound effects on our lives and that the question of control of such a medium deserves to be considered among a far wider public than it is now. ■

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Anything You Can Eat, Drink, or Fornicate In One Afternoon

by Peter Gruenstein and Daniel West

Although even the most minor peccadillos of congressmen are now subject to public scrutiny, few have bothered to monitor the behavior of the anonymous aides who staff congressional committees. These aides, who earn up to $36,000 a year, write much of Congress' legislation and often have tremendous influence over both the form and substance of bills. Committee staff members are therefore important to lobbyists, sometimes more so than the congressmen themselves. Yet relatively little scrutiny has been given to the relationships between these aides and the lobbyists who swarm around Capitol Hill.

Only five of 39 congressional committees we surveyed have rules prohibiting committee staff members from accepting gifts from special-interest groups or lobbyists. Spokesmen for the committees without restrictions on gifts generally argue that such rules aren't necessary.

"We count on the integrity of staffers," remarked George Murphy, Jr., of the Joint Committee on Atomic Energy. "We're like Caesar's wife down here," said Howard Greenberg of the House Small Business Committee in arguing that a rule would be superfluous because staff members on his committee are personally above suspicion. Jack Swigert, executive director of the House Science and Technology Committee, said it is difficult to precisely define a conflict of interest. He added that if anything arises which might involve a possible conflict, the staff member is encouraged to talk to him about it. Swigert added, "Oh, there's nothing that I actually see. But, hell, I'm sure it goes on."

Some committee staff spokesmen take an ostrich-like approach on the whole issue. John Martin, staff director of the House Ways and Means Committee, which has no rules on gifts, said: "Well, I suppose it goes on. But I don't want to know anything about it." Dudley O'Neal of the Senate Banking Committee said: "Over the years, I guess just about every organization we do business with has sent up a case of whiskey at Christmas. . . . If presents are given to staffers outside of this office, I

Peter Gruenstein is director of and Daniel West is a reporter for the Capitol News Service.

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wouldn't know about it. Furthermore, I wouldn't care."

There is general agreement among committee aides that lunches and bottles of liquor provided by lobbyists are both common and permissible. Several aides cited the so-called Douglas Rule—"anything you can eat, drink, or fornicate in one afternoon is acceptable." The rule is named after the former Senator Paul Douglas of Illinois.

In contrast, the executive branch strictly prohibits federal employees from accepting virtually anything from individuals or corporations doing business with the government. Executive Order 11222, signed by President Johnson on May 8, 1965, reads in part: "No employe shall solicit or accept, directly or indirectly, a gift, gratuity, favor, loan, or any other thing of monetary value, from any person, corporation or group. . . ."

No rule similar to Executive Order 11222 has ever been seriously considered by either the House or Senate. "You have to rely on a person's sense of professional responsibility," said William Webber of the Senate Banking Committee. This is one of the main arguments set forth by opponents of strict committee or congressional prohibitions on gift-giving.

The risk that "professional responsibility" may lie only in the eye of the beholder is apparent from the following incidents:

William Webber attended, along with his wife, last fall's convention of the American Bankers Association (ABA) in Honolulu. (Tony Cluff, another Banking Committee staff member, and his wife also attended the convention.) Webber was given round-trip tickets, a room at the plush Hilton Village Hotel and a liberal expense account in exchange for making a brief presentation on banking legislation past and present.

Webber acknowledged in retrospect that the trip could raise conflict-of-interest problems. But when asked if he would accept from the bankers, say, a color television Webber said, "No way." Then what's the distinction between a free television set and a much more expensive Hawaiian holiday? "I can see no legislative purpose in accepting a television." And, "besides," he continued, "the fact it was held in Hawaii is fortuitous."

Webber and Cluff were not the only Banking Committee staff members in Hawaii for the ABA convention. Carl Coan, a top lawyer on the Housing Subcommittee, had gone to Honolulu for a meeting of the National Savings and Loan League, which had also paid his expenses. In exchange, he spoke briefly on the Housing Act of 1974. Coan then stayed in town for the ABA convention and was paid a $25 per diem by the Committee as an "observer." He then took several days vacation. Altogether he stayed in Hawaii for about two weeks. He, too, acknowledged that this might raise questions of impropriety. "But where do you draw the line?" he asked.

The Banking Committee, however, under new chairman Senator William Proxmire, is grappling with the problem. At a committee organizational meeting earlier this year, chief staff counsel Ken McLean proposed that all staff travel be paid for out of committee funds unless the aide is a bona fide participant in a trade association meeting.

McLean admitted that the rule did not go far enough. But, he argued that since gifts from lobbyists were "standard operating procedure, it's hard to turn it around."

Up, Up and Away

In another case, last November 18, House and Senate aides were flown to the West Coast on Air Force planes for a four-day, all-expense-paid outing that included a Las Vegas rendezvous with defense industry lobbyists. The weekend trip was designed by Air Force promoters to give the aides an opportunity to visit several West Coast defense installations. Among the par-

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ticipants were committee staffers and congressional aides who work closely with defense-related appropriations. In Las Vegas, the aides were wined and dined and attended shows, all courtesy of representatives of such high-powered defense contractors as Fairchild, Hughes, General Dynamics, Ling-Temco-Vought and Northrop. The Air Force paid for travel and hotel accommodations, but much of the liquor and entertainment came out of the lobbyists' pockets.

Martin Lobel, a former energy aide to Senator William Proxmire, told of his first contact with an oil industry lobbyist soon after going to work for Proxmire in 1969. Lobel telephoned Humble (now Exxon) lobbyist John Knodell with some questions about the oil import quota system, which was strongly supported by the major oil companies. Knodell suggested lunch, and two days later Lobel met with Knodell and five other Humble employees—three from Houston and two from New York—all flown in especially to answer Lobel's query. The seven-man party occupied the entire top floor of the 116 Club, an exclusive lobbyists' gathering spot on Capitol Hill. According to Lobel, his questions were answered with charts and slides, as well as steak and ample quantities of liquor. Lobel, in a word, was "overwhelmed."

The mysterious 116 Club, which gets its name from the 116 lobbyists who belong to it, has been called the "headquarters of subterranean power" by *The New York Times*. In addition to the lobbyists, 60 Capitol Hill and other government employees belong to the club, whose membership list is secret. One of the club's members says: "Much of the major congressional legislation affecting billions and billions of dollars is either written or influenced there." This means, of course, free lunches, like the one Lobel enjoyed—a practice rigorously defended by almost everyone involved as both harmless and necessary to maintaining contact between staff and lobbyists. But one former Capitol Hill staff member recalled a lunch he enjoyed with a major oil company lobbyist at the Sans Souci, one of Washington's most exclusive French restaurants, where the bill came to $225.

The Friendly Skies

Another bonanza for committee staffers is the inaugural flight of an airline's new route. Thomas Kingfield, a staff member of the House Appropriations Transportation Subcommittee, flew on such a flight to Frankfort, Germany, in late 1973.

When initially asked if he'd ever been offered a free flight by an airline, Kingfield said he hadn't. "In fact, I've turned down a couple of things I thought might be construed as a conflict of interest." But reminded that his name, as well as that of his wife, appears on a passenger list of a Pan American inaugural flight to Frankfort, Germany, in late 1973, Kingfield fell silent for a moment. "I'm sorry. I did take that flight," he acknowledged. The first-class tickets which Kingfield received free, courtesy of Pan Am, were worth more than $2,000. Kingfield's committee job requires him to deal "on a regular basis" with Pan Am lobbyists.

Lee Wilbur, another staff aide on the Transportation Subcommittee, and his wife were also on the Frankfort inaugural flight. He described his committee role as one of "a catalyst between the airline companies and committee members." On May 9 of last year, the Wilburs took another free round-trip flight. This one, courtesy of Trans World Airlines, was from New York to the Spanish coastal resort town of Malaga. The two first-class tickets would have cost a paying customer over $2,200. Wilbur said it is easy to distinguish between "gifts and gratuities," which he won't accept, and free air travel. "Gifts are positively corruptive," while free air fares are "harmless, or at least only potentially corruptive," he said.

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What effect have these trips had on his job performance? "None at all," he said initially. But in talking about his committee responsibilities a short time later, Wilbur said, "I guess I'm a little more available to airline lobbyists than some of the other staffers."

Committee aide Lewis Berry and his wife landed a $2,186 free round-trip flight from New York to Dublin, Ireland, on TWA in October 1974. Speaking of his committee colleagues, Berry said, "The thing is, they all do it. Everybody who's been around here for a while has taken these free flights."

House Commerce Committee's chief clerk, Ed Williamson, also spent a week in Dublin with his wife last October. Again, TWA picked up the air fares. Two months after Williamson returned from vacation, the House passed by a slender margin controversial legislation allowing the Civil Aeronautics Board to grant an airmail rate increase worth millions of dollars to TWA. The bill originated in Williamson's committee.

Inaugural flights are just the tip of the iceberg. Like some of their congressional employers, committee staff members are regular passengers on corporate-owned jetliners. Since passenger lists on private flights are not public information, specific incidents of this kind of "hitchhiking" are difficult to trace. But spokesmen for two major Texas corporations—Ling-Temco-Vought and Tenneco—said that committee aides regularly take advantage of their round-trip flight between Washington and Dallas or Houston.

Several things are clear from these stories. One is that without specific rules against the acceptance of gifts from lobbyists and corporations this kind of behavior will continue indefinitely. For the congressional staff member such trips are a way that he can live like his boss. And for the lobbyist, courting committee staff is good business. After all, they do much of the actual legislative work of Congress and it doesn't cost much to win their eternal gratitude. ■

THE SCREWING OF THE AVERAGE MAN

by DAVID HAPGOOD

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Memo of the Month

United States Department of the Interior

NATIONAL PARK SERVICE
WASHINGTON, D.C. 20240

IN REPLY REFER TO:
F34-AC

Memorandum

To: Directorate

From: Associate Director, Administration

Subject: Professional Services Carryover Projects, FY 1975 to FY 1976

We understand that DSC is managing its funding by PWE within the total program for a given region to make adjustments between approved projects. PC/IP's are still required to add, drop or defer a project.

In estimating carryover projects funded from "no-year" appropriations, DSC will, in effect, show a distribution of its anticipated June 30 unobligated balance by PWE within region to projects needing to be completed in FY 1976.

When the regions establish priorities for their combined "carryover plus new program" for FY 1976, it will be their prerogative to make adjustments within the total funding to be available from both FY 1975 and 1976 within PWE.

As in the past, during the course of the fiscal year, WASO may approve adjustments between primary work elements by covering this from WASO reserves or by trade-offs between regions.

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American Communes Voluntary Maoism

by John Rothchild

Nobody has noticed that American communes are thriving. It is a curious omission. We read pages of speculation that Patty Hearst may be hiding in a commune, in her outmoded attachment to 1960s radicalism; but who wonders about those hundreds of places that are still organized enough to even *harbor* Patty Hearst? The last great commune figure was Charlie Manson, and we all know what happened to him. We know what happened to all that naive energy of the 1960s through the fates of the leaders of that generation: Leary, babbling; Rennie Davis, under the turgid thumb of the 15-year-old guru; Jerry Rubin, bemoaning age; Abbie Hoffman, indicted for coke (a Park Avenue drug); political radicals and drug radicals copped-out or sold-out or imprisoned or crazy or dead.

I only discovered the actual size and strength of the commune nation while doing research for a book on children of radicals. My imagined dilemma of finding enough kids to write about became instead a real problem of knowing when to stop. By traveling the mountainous regions of America—the Ozarks, the Appalachians, the Rockies, northern California—and driving to where the road knocked the oil pan off my car, I would find the rainbow buses and domes and scrap-built houses and victory gardens that are the landscape of communes. The inhabitants of one (who said they hadn't seen a reporter for five years) directed me down the road to another, and so on, until I began to envision this vast, anonymous civilization, like the straw-hut tribes that once lived in the shadows of Mayan temples and Aztec pyramids. It was disconcerting to find this unknown civilization out there. I suspected conspiracy. Why hasn't the press told us about these Americans who survive communally, who use less energy, who do all the things that William Simon said the rest of us should do to save the country? Why haven't they told us about Stephen Gaskin, a man who led 500 ex-college students and defected professionals to abandon their careers and raise soybeans on a giant farm in Tennessee? After visiting dozens of communes, I was convinced that the counterculture was dropped from the news at the precise moment it became serious—that is, tenable—and that there is something so threatening about the successful communes that we would

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rather not know about them.

I was not a newcomer either to radical politics or to the drug scene, and yet communes brought on a flood of Dionysian associations. Would I get hep, strep, syph, or clap, was the level of my concern. Would my special bond with a woman be threatened when our sleeping bag was detached and connected to a giant, group sleeping bag, filled with dirt and pot seeds and horny and diseased people who don't believe in property rights or the boundaries of separate zippers? Would my precious writing career be swamped in the mush of drugs and peyote meetings? Would I be lost to a gunfight with hostile redneck neighbors? I began to build a mental line of defense, imagining these situations and how I might get out of them, how I might survive in a society founded on *Steal This Book* and Euell Gibbons and the horoscope section of the newspaper and *The Strawberry Statement* and the general libido madness that ended up at Charlie Manson's place.

The commune threat did not materialize, at first. The communes that have survived since the 1960s are not all the same, of course, but I was surprised to find out that most of them have made peace with the rednecks and the rural neighbors. The man who once threatened to run Steve Gaskin and his 500 hippies out of Tennessee on the barrel of a shotgun now owns a sawmill in conjunction with Gaskin. Part of that is self-interest, to be sure, but part is a genuine admiration for Gaskin and his people. "I wish my kids were that nice," the shotgun man said. At Libre commune, in the Colorado mountains, they not only barter labor and food with the local mountain people, they are also very tight with the sheriff who, on more than one occasion, has helped them out of some sticky situations. In Hector, Arkansas, near a commune called the Dubie Plantation, the old postmistress, a town fixture and solon, told me: "We understand them hippies. All of us around here has been livin' like hippies for generations." It was like that all over the country, a strange alliance between commune hippies and the rural people who are supposed to hate them the most. A hybrid culture built on farm labor and homespun and horseshoe mysticism that has somehow transcended sex and drugs and Charlie Manson. I had imagined myself to be a self-appointed mediator between two hostile cultures, but I found myself to be an outsider to the new alliance, a

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useless and probably not-to-be-trusted word-pusher.

The real battle between me and the communes was on a professional level. The sexual mores were not particularly striking one way or another, people in some communes swapped around, but they didn't enforce it; they were no more or less confused about sex than me or my friends back in Washington. Many of the communes, in fact, have returned to iron-clad marriages and stringent rules of monogamy that few so-called straight people today practice. Drugs were not that prevalent, either, except for grass, and an occasional Sunday afternoon acid trip, a nostalgia trip, really, like taking an old car out for a leisurely drive.

The commune people didn't lean on me in any of the ways I had imagined; instead they leaned on my ego. I was sitting in a geodesic dome in the Colorado mountains, trying to catch up on some notes, when a man with the unlikely name of Peter Rabbit barged in to suggest that I stop typing and do something "serious." It was another major surprise of this anonymous civilization, that hippies do anything serious. Libre, the name of this particular commune, had invited me to stay for the summer, to occupy one of the domes. I assumed that Libre meant what the name implied—freedom, man, not only the gray legal freedoms but also all the psychedelic freedoms promoted by Abbie and Rennie and the Great Speckled Bird. I could imagine everything that a commune, as a last refuge for hippie anarchy, might allow; but here was an outright prohibition, in the form of this gangly rabbit-man who put a lid on my creativity. Peter Rabbit, founder of two communes, suggested with the air of a bouncer that I get into the Libre garden. Not for my physical contribution to the farming—he could see that it wouldn't be crucial—but for the spiritual good of the community. "If you sit in here in front of this machine," Peter Rabbit said, "then the people will wonder about you, they will wonder where your head is at, they might get paranoid. If you sit in here long enough, the people will even kick you out. But if you are outside, in the garden, working with them, then they will get to know you and feel good about you. The way we relate to one another around here is through work."

As I ambled toward the garden, I could feel for the first time what it must have meant for the Havana journalist (who thought he sympathized with the revolution) to be handed a hoe by Fidel.

I thinned carrots at Libre, sanded wooden toys in New York State, cleaned pistons in New Mexico, nailed floors in Tennessee. They let me get away with being a writer in only one or two communes—one where I had hepatitis and they may have taken pity—but in general I found it difficult to function as a journalist.

I could understand why reporters had not been out here, why this fascinating version of the movement had not been covered. In the early days, the radicals and the media worked side by side; in fact radicals refused to work without the media, seeing publicity as a sign of success. Street theater and protests were all calculated gestures, calculated for effect. But the people in the matured form of the movement are less involved in publicity. Radicals often said they didn't care, but then you could see it in their eyes, the unspoken bargain that gives a journalist the license to ask personal questions without putting himself on the line personally, to function with professional impunity, to reserve judgment. In no commune could I strike a bargain like that; these descendants of publicity seekers did not believe in the value of words, or in my using their words as raw materials for some theory I had concocted in a private room. While sexual license may appall the rest of the country, professional license is what appalls the commune hippies. They see it as immoral and irresponsible, ridiculous, and patently self-gratifying.

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Around me in the garden at Libre were several people hoeing and weeding, men and women in their late twenties, wearing shorts or topless Levis, giving off glowing, agrarian looks. They came on like a new breed of happy, healthy, dancing darkies, darkies from the days when the white folks could say and believe that "they are happier than us." My disturbance at even being in the garden was a gauge against which I was able to judge them as inferior because they have given up the serious business of thinking for fixing cars and planting and hoeing a few carrots. In the same way, we can dismiss peasants because they are probably forced to work in the fields and because we are sure that someday they will want our television sets. But with this new kind of American voluntary peasant, you can't help but wonder about him, wonder if he is here in the commune because he can't make it any place else, wonder if he is incapable of struggling with the big issues. In fact, my original worry about the commune children was: can any of them ever get out of here? A successful commune would be one in which the child could grow and still acquire the skills and intelligence to choose to live someplace else.

The next thing I discovered was that the lady next to me in the carrots used to be a research chemist, the man down the row was a lawyer, the woman on the brown horse was a physician in California. It made me wonder what the hell they were doing. Communes are populated by white, educated Americans. It is one thing for the primed achiever with a $20,000 education under his belt to join the Peace Corps or work in a poverty program or drop out for two years to round out his experience and season his resume. It is one thing for an aspiring writer to figure he has a better chance of being recognized with a rural byline than an urban one. But the commune people have been out of it for eight or nine years now, long enough to embalm the resume, and they tell you they don't care: ex-teachers and ex-physicists and ex-everything who have reduced their personal aspirations to keeping a couple of cars running and a couple of people fed; women who are totally independent from men, and yet who recognize the liberation issues of better jobs and more ego gratification for women as misdirected. The commune mentality is so different from what we are accustomed to that it is alien to both American radicals and American traditionalists. Neither Gloria Steinem nor Ralph Nader nor Jerry Rubin nor Jimmy Hoffa nor Senator Fulbright could stand the immediate ego loss that goes with living in a commune. I could stand it only to the degree that I might cash in my ego chips later by writing about the experience.

Soybeans

The most extreme form of ego loss occurs at the Farm, Gaskin's place, the largest and most rigid of the communes. It is a giant plantation, 1,100 acres, covered with old Army tents and ex-Greyhound buses (where most of the inhabitants live) and soybean fields, crossed with dirt footpaths where 700 men, women, and children amble through the day. You immediately think of what people have given up to live here. For openers, they have given up houses. They have also given up their bank accounts and all private assets, which are turned over to the Farm when one makes the commitment to live there. They have given up food that has anything to do with pleasure, subsisting on a diet of soybean coffee, soybean dinner, soybean dessert and soybean snacks, varied by curleydoc, a nutritious weed that they pull from the ground to make salads. They have given up privacy, with communal showers and dual-seat outhouses and the constant scrutiny of 699 other people. They have given up movies and television, the only entertainment being smoking grass or listening to a Gaskin lecture or occasionally dancing to the Farm's rock band. Revolutions

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are fought over the amenities and attachments that these Farm people have chosen to do without. There was enough *without* around there to challenge every visitor's conception of necessity. I could stand the soybeans and the tents, seeing them as an even trade for tranquillity and beauty. What I could not accept was the Farm's attitude toward work, an attitude that unsettled me in my deepest gut attachments.

The Farm day begins when two people traverse the property, blowing primitive shellhorns to announce wake-up time. The horns are blown at 4:30 a.m. Farm people all have jobs, even the mothers of the 150 children running around the place. There are several crews—soybean crews, carpentry crews, maintenance crews, salvage crews. The jobs are all practical; there are no writers, poets, researchers, bureaucrats, or thinkers, and the Farm band is only a part-time position. If the tangible benefits of labor cannot be immediately recognized, then the labor is frivolous. Dozens of people asked me how long I thought I would *need* to be a writer, and when, if ever, I would grow up. They accused me of hiding my immaturity behind a profession.

The story of what happened to the doctor at the Farm will better explain what they meant. The Farm had attracted one M. D., and they certainly needed his skills, with all those people and—since Gaskin doesn't allow birth control—all those babies. In the outside world, a doctor is allowed to demand a certain amount of deference in return for his skill. We have come to accept being a little arrogant as part of being a doctor, part of the manner. It doesn't matter so much if the person is a son-of-a-bitch as long as we know he is a good doctor. As the doctor was setting up his clinic at the Farm, people began to notice that his personality took an arrogant turn. He took on the smugness that skilled people are allowed when they are fulfilling their special function—the way the auto mechanic treats you when you are in his shop, the way you treat the auto mechanic when he is in your shop. There is a trading in smugness that we put up with in the real world, because what else are we going to do? But at the Farm, they do not allow it. They see it as a threat to the community, to the feeling of closeness among people. And this sense of community is more important to them than the benefits they might receive from a doctor's skill. So they told this doctor that he had to become a member of the soybean crew until he could learn to practice medicine in a less ego-involved way. As far as I know, he is still planting soybeans, and the Farm is still without its own doctor.

What happened to me in a few days at the Farm was analogous to what happened to the doctor. I had always claimed allegiance with people

Yesterday's

The entire philosophy of freedom on which so many underground newspapers based their existence has been discredited in communes. Abbie Hoffman is seen as a silly egomaniac. I got a glimpse of how far communes have come from those originators of the movement when I accompanied Jerry Rubin on a visit to a California commune. I would have imagined Rubin to be completely at home in a commune, but nobody recognized him. He walked into the living room, where people were talking and working, and something about the whole scene made him very nervous. He retreated to the basement and turned on a television which had been dormant for several weeks; he said he didn't want to miss a special on Spiro Agnew. After the program was over, Jerry spent a few more uncomfortable moments walking around the

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Heroes

Farm and then said he had to get out of there. He had nothing in common with communes; in fact, they made him extremely uncomfortable.

We kept in close contact with the early stages of 1960s radicalism, when it involved kids who were struggling for self-expression and self-gratification. However horrifying their rebellion to certain people, those two general goals are ones with which most Americans can readily identify. Commune people have found what they believe to be a happier and saner world by turning in an entirely opposite direction. They have gone so far that a regular American businessman currently has far more in common with Jerry Rubin and Abbie Hoffman than those two radical spokesmen have in common with commune people.

victimized by professionals, and had allied myself with the average man against the growing specialization and mysticism surrounding every simple task. Yet when faced for the first time with giving up my own professional shield, even for a few days, I went into virtual shock. I was assigned to the carpentry crew. Which wasn't so bad, except that I couldn't do interviews even in my spare time. Anytime I tried to extract information, from a teenager named Eric, for instance, I was countered with challenges like: "Why do you want to know this information?" "You're on an ego trip." "What has this information got to do with you?" and "Where is your head at?" My fascination with information was not accepted, like the doctor's arrogance, as trappings of professionalism; it was looked on as evidence of my inability to reveal anything about myself. There were no social problems or political topics at the Farm, everything was personal. Information was not valued except when it helped fix a tractor or when somebody's life could be changed by it, when it could be used to resolve a personal problem between two people. Beyond these specific functions, information and thinking were useless smoke screens. In every conversation in every bus they assaulted my professionalism, as a psychiatrist assaults a person's defenses. They told me that as long as I relied on a job definition to explain what I was doing then I was hiding the real truth about my motivations and about my fears. To the Farm people, the very definition of a professional—especially a successful professional, which luckily I was not—is somebody who is hiding something.

Still More Soybeans

When 500 people tell you that you are full of shit, the message carries a certain power. Their message carried particular power, because while I could dismiss the Jesus freaks as kooks, these Gaskin people were intelligent and articulate and competent and hard working.

The Farm also had a high percentage of ex-doctors and lawyers and teachers who were living without their professions, without what Peter Rabbit calls "the ego stash." The first reaction to a situation like this is to say the people have been duped. They can't really enjoy soybeans and tents, they can't really prefer hammering and sowing to important mental work. It was especially easy to conclude this at Gaskin's place, since the other people saw him as a prophet and almost everything, they said, had its origins in Gaskin's brain. Gaskin had the only functioning, reflective mind in the place. The rest of them had given up thinking and put their energies into physical labor and into feeling good—which was the goal of every person at the Farm.

The Farm underscored the classic

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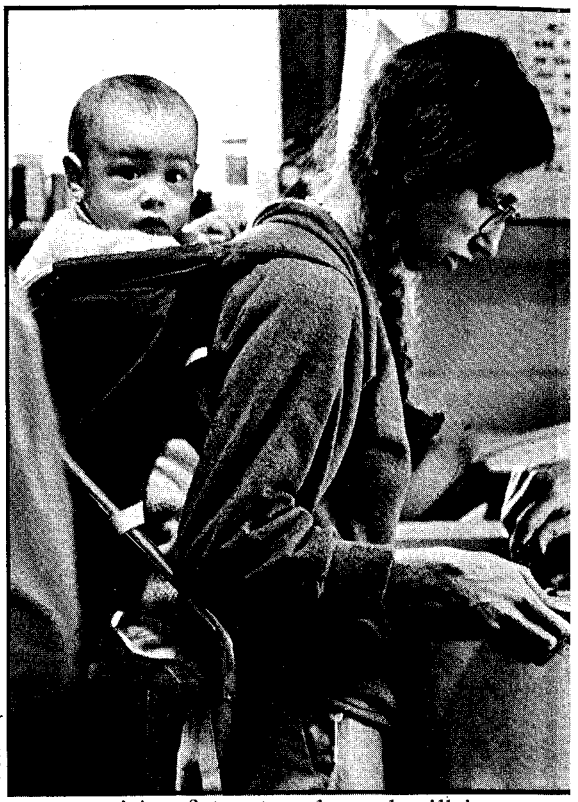
liberal dilemma about Red China or Fidel's Cuba. On the one hand, it is easy to admire all that dedication and self-sacrifice and the better standard of living it produces for the peasant. But on the other hand, there is the thorny problem of the lack of newspapers, the lack of dissenters, the lack of public criticism. One can only suspect repression; that the only way Fidel and Mao can get so many people to follow them is at the point of a gun. At the Farm, I had to grapple with the problem on a much deeper and more personal level. First, because the sacrifice made by the Farm people was their own choice, a kind of voluntary Maoism. And second, because the Farm people were not poor peasants who might well choose to sacrifice freedom of speech for the guarantee of a decent meal. They were people like me, but who had given up both intellectual indulgence and luxurious meals and through it all said they were happier than before. People who said to me, "If you really want to feel better about the world, then give up your profession and change your head."

Not an unusual idea in the annals of religion, but unusual for the hippies who we remember only as gratifiers of their own selfish desires. For all my reasons to dislike the Farm, I could see direct benefits of Gaskin thinking. It was a close-knit community in the way Fourth-of-July orators talk about their towns. People got along with a minimal amount of bickering. People had jobs, but they were not allowed to use their jobs as an excuse for bad behavior. The same kind of scrutiny that was applied to me and my behavior was applied to all the relations on the Farm. If somebody was getting on somebody's nerves, they were forced to sit down and work it out immediately. Gaskin was often present at these encounters. They lacked the aimless indulgent quality of urban encounter groups, because at the Farm there was a specific goal—to get back to productive work as quickly as possible. There



Penelope Breese

was a spirit of trust and good will in this place that was undeniable, even after several years of subsistence living. Only a handful of the original Farm pioneers had left the compound for the city life.

I and Thou

The Farm is an unusual commune, unusual in its rigidity, and unusual in that it has a recognized leader. But in more informal places, too, I sensed the same spirit at work. It is the kind of spirit you associate with unpaid community volunteer projects, except in communes the entire day was an unpaid volunteer labor project, and in communes I discovered the price you pay for that kind of unity. It did not make me comfortable. There weren't enough safe, impersonal issues. A woman could not justify whining, pushing, yenta behavior on the grounds that society is screwed up and she is only defending her rights as a woman. A writer could not justify

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arrogant, reclusive behavior on the grounds that isolation is the only way to produce a good article. A teenager could not justify his destructive behavior on the grounds that society pushed him into it. The sense that cut across all the communes was a sense of personal responsibility, and actions were judged on the most individual basis available. While everything in the outside world has become politicized, where even having babies and sex have become political (and therefore impersonal) the hippie culture has gone in the opposite direction. Nothing is political in a commune, and a commune is the last place that would put up with the frenzy and the put-ons and the gyrations of the counterculture we remember.

There is no abstract reasoning in a commune; they have abolished rhetoric and pondering about anything beyond one's own personal control as irresponsible goofing off.

It is hard to switch gears on commune hippies. When last heard from, they were exemplars of indulgence and self-expression at all costs. In those days, we could read about their exploits with the satisfaction that they would someday fall apart, that those adolescent fantasies wouldn't hold up. But, somewhere in the publicity void, things changed around.

The commune people now see the straight world in roughly the same way the straight world once saw the hippies. They look down from their mountains with amusement and a hint of piety. They see the rest of us blundering through careers and fattening egos while the world around us is more and more out of our control. They see us pursuing immoral professional fantasies at the expense of what might work.

That's another thing. The communes that have survived the 1960s do seem to work. On a simple physical level, at least, they are able to get on with an infinitesimal amount of money and a minute amount of energy. They grow their own food, get their water from natural sources, and build shelters from scraps left around by the rest of us. They are the only group of Americans for whom you could say: "If everybody lived like them, then there would be no energy crisis." They also have reestablished what most Americans say they would like to have—control over their own lives.

But how many people will want to live that way? Communes provide a whole universe for the people who choose to live in them, and a mirror in which outsiders can see their own foibles and dilemmas by contrast. Still, most people would shudder if all the world were a commune—with a uniform, almost medieval stillness hanging in the air. Voluntary Maoism is a very hard life to accept. In the long run, there may be no middle ground between the opposing realities of the communes and of the straight world, but for the moment I am trying to live in between, glad that both worlds exist. ■

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Tidbits

Trunken Congressmen

Washington reporters Carleton L. West and Jay Gourley have been looking into the perquisites of retiring congressmen. Their most fascinating finding is that for each year of service a congressman is entitled to a handsome hand-tooled and polished trunk—20 years, 20 trunks. Our fears about just what the honorable gentlemen might be carrying in those trunks are exacerbated by the West-Gourley report that each congressman's annual stationery allowance is cumulative, so that, for example, Rep. Watkins M. Abbitt of Virginia could have filled his trunks with $21,900 in U.S. currency.

If You Can't Say Something Nice. . . .

Having devoted most of our pages to describing organizations that don't work, we would like to tell the other side of the story—to write about organizations that deliver quality products or services at reasonable costs with fair compensation to their employees and decent regard for their sponsors, whether they be stockholders or taxpayers or charitable contributors. We ask our readers' help in identifying such organizations. If you know of one, please write all about it to:

Organizations That Work
The Washington Monthly
1028 Connecticut Ave., N.W.
Washington, D.C. 20036

Herb Today, Gone Tomorrow

In yet another demonstration of the insatiable reformist zeal of our state legislators, Herbert Denenberg, who as Pennsylvania's insurance commissioner was one of the rare public officials to really do something for the consumer, was recently rejected by a 28 to 22 vote of the Pennsylvania Senate as a member of the Public Utility Commission.

Better Than Social Security

One of the sadder facts of American life is our harsh treatment of the elderly. It is comforting, therefore, to know that civil service retirees are an exception. Their pensions are tied to the consumer price index, which automatically triggers the kind of cost-of-living increases the rest of us yearn for. They also get an extra one per cent each time there is a cost-of-living increase. There have been eight increases since 1969 and the total cost to the taxpayer of simply that one per cent has been $2 billion.

A Dollar A Second

If the one-percent bonus disturbs you, try this one. According to James Gerstenzang of the Associated Press, a Government Accounting Office report says:

Federal overtime regulations let some government inspectors at airports and other U.S. entry points earn 16 hours' pay for one and three-quarters hours' work. . . .

The report also said that the rules allowed one inspector at Bangor Airport in Maine to claim $692 in overtime pay for Sunday and holiday pay in one month. An immigration inspector at Bangor earned $16,848 in annual salary, but an additional $29,299 in overtime, the report said.

It found that Custom Service work rules permitted ten inspectors to receive 16 hours' pay each when they were asked to return to their duties at Boston's Logan International Airport to inspect passengers arriving at 12:25 a.m. one Sunday, a job that took one and three-quarters hours to perform.

Luckily, They Don't Get Their Checks By Mail

Another benefit of the Consumer Price Index to the taxpayer is that its increases are also the basis for raises for postal employees who are now about to receive their *sixth* increase in two years. There is an interesting inverse proportion to efficiency of mail delivery here that we commend to all who believe in tying wage increases to the cost of living.

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and Outrages

All Things in Moderation

Jake Jacobsen, in trying to recall for a federal jury just why he had chosen $5,000 as the amount to twice give John Connally in return for Connally's help on milk prices, captured one of the great truths of the twilight world between honesty and crude bribery: "I didn't want it to be too small because I didn't want it to seem we were unappreciative," Jacobsen said. "I didn't want it to be too big. It would have made it look like we bought the decision."

How Are You Going To Keep Them Down on the Farm . . .

Readers may recall our January article on the congressmen who were defeated for re-election last fall. Last month, Richard D. Lyons of *The New York Times* did a follow-up story on the 103 losers and found that about half of them remained in Washington:

Some of these former Congressmen who were interviewed were reluctant to discuss their activities, saying that they were "management consultants" or "representatives" for various clients they declined to name. Few admitted to having entered the murky world of lobbying.

Among the exceptions is Dan H. Kuykendall, a former Republican Representative from Tennessee. . . . "Why stay here? Money," he said emphatically. "I have no plans to run for office again and I enjoy lobbying." He keeps an apartment in Memphis and represents three local companies, Holiday Inns, Helena Chemical and Guardmark Protective Service.

Other lobbying groups that have been opened here this year by former members of Congress are Resources Development, Inc., by Roger H. Zion, a former Republican Representative from Indiana, and Ken Gray Associates, Inc., by former Representative Kenneth J. Gray, Republican of Illinois.

While at least a dozen former members of the 93d Congress are actively lobbying, the number of their colleagues who are now working for other branches of the Government is even higher—14.

Former Senator Peter H. Dominick, Republican of Colorado, is Ambassador to Switzerland; former Representative John Dellenback, Republican of Oregon, is head of the Peace Corps, and former Representative Earl B. Ruth, Republican of North Carolina, is Governor of American Samoa. And their former colleagues are sprinkled within the Department of Health, Education and Welfare and the Departments of Defense, Commerce, Agriculture and Transportation at salaries of up to $38,000 a year.

Five former members of the 93d Congress are practicing law here, although none would identify their clients.

Former Representative Clem R. McSpadden, Democrat of Oklahoma, is a rodeo announcer in Oklahoma City. Others have returned to their districts and the occupations they left before entering politics—an automobile dealership in Virginia, a trucking company in Indiana, a bank in Oklahoma, a ranch in Texas, a hospital in Kansas. . . .

Several former Congressmen who were interviewed said they preferred to stay in Washington with their friends and familiar surroundings rather than return to their old districts and the voters who had turned them out of office.

"We've been here quite a period of time," said a five-term former Representative from Wisconsin, Glenn R. Davis, Republican who has joined a consulting firm. "Many of our good friends are here and it seemed a more realistic thing to stay," he said.

Former Representative Robert B. Mathias of California [whose photograph was on the cover of our January issue], a Republican, put it simply: "My family loves it here." The one-time Olympic champion is doing sports films and promotions.

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LEAVING VIETNAM:

The One Man We Remembered

by John D. Marks

Even as Saigon was about to fall, Walt Whitman Rostow seemed determined to be the last hawk; he called for the use of American military power to "save" Vietnam. While Rostow's appeal was rejected, Henry Kissinger, his successor as national security advisor to the President, worked feverishly to minimize the damage that the impending defeat would cause American foreign policy. Meanwhile, anti-war leader Fred Branfman rejoiced in the victories of the Provisional Revolutionary Government (PRG) as he scurried frantically around Washington in a last unnecessary effort to lobby against the United States becoming reinvolved in the war.

But if you were someone like me, who had lived in Vietnam, your thoughts probably had little to do with re-escalation, geopolitics, or solidarity with the revolutionary forces. On a very personal level, you worried about the Vietnamese you had known and liked, whose lives might or might not be in danger.

General Edward Lansdale, who had been the prototype for both *The Ugly American* and *The Quiet American*, was extremely concerned. He had been the CIA's top Saigon operative in better days, and he told me in May how he had "turned to everyone [he] could think of to rescue" his former associates. According to Lansdale's description, in the *Pentagon Papers*, his associates included high Vietnamese officials he had manipulated, secret policemen he had trained, and propagandists he had used to spread false information. He felt a responsibility toward these people as he did for more ordinary folks he had known in Vietnam—secretaries, widows, opposition leaders, and a folk singer named Pham Duy. All during April, the now-retired Lansdale used long-established contacts in Washington, the Philippines, and Saigon to help evacuate as many Vietnamese as possible from their homeland. Other Americans who had served in Vietnam also took matters into their own hands and made the dangerous trip back to Saigon to save some of their friends.

According to an American who has worked closely with Lansdale, "It really took some maneuvering back here to get someone out like [former National Police chief] Pham Van Lieu, who was out of favor with the [Thieu] government." Lieu eventually was put aboard one of the special planes the U. S. embassy used to evacuate Vietnamese it felt would be targets of the PRG. These flights and their passengers were to a large extent ignored by the press, which focused primarily on the more chaotic move-

John D. Marks is co-author of The CIA and the Cult of Intelligence. *He served as a State Department advisor to the Vietnam government from 1966 to 1970.*

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ment of American dependents and those Vietnamese who at times tried to storm their way out.

A State Department official, who himself left Saigon on a refugee flight, estimated that somewhere between 15,000 and 20,000 of the evacuees fell into what he called the "VIP" category. Countless others who were on embassy evacuation lists—or thought they should be—were left behind.

These were "our" Vietnamese—the cabinet ministers, military officers, intelligence agents, U. S. employees, and intellectuals, who for one reason or another had wedded themselves to the American effort in Vietnam. They were not so much the people who had suffered from the war's terrible destruction but those who had prospered from it. And they were the very people who had failed—in the Pentagon's now abandoned phrase—to "hack it" under Vietnamization.

Staying behind would have put most in some form of jeopardy—if not for their lives, certainly for their liberty. The danger was probably felt most sharply by the tens of thousands who had been connected with the CIA in the secret police, Phoenix, and counter-terrorist programs, (The evacuees apparently included a disproportionately high share of CIA-sponsored Vietnamese because the CIA was reportedly the most effective in the bureaucratic infighting within the U. S. government as each agency tried to bring out the maximum number of its own employees and contacts.)

When asked about the immigration of these former intelligence operatives to the United States, Lansdale said, "I know of similar Vietnamese who went out with the French in 1954, and they are very constructive citizens over there. I know of one group who were terrific commando types—rebels at heart. Now they run a big home construction firm in France, and apparently they're very successful." Lansdale believed that Vietnamese who had been involved in unsavory activity "wouldn't continue *that* here. I think for sure that they all welcome this as a chance to change their lives, and I have to admit they are a thoroughly skilled lot who will take to peaceful endeavors quite easily."

> While the Vietnamese have been using violent tactics against each other and foreign enemies for thousands of years, the United States brought sophisticated technology to the country and made the killing considerably more efficient. One of our gifts was a national identification card system which allowed the Thieu government to record all its citizens' fingerprints in a giant computerized network.
>
> Most Vietnamese who were unable or unwilling to leave Vietnam and who feel themselves endangered by the new government will be likely to try to blend into the general population. The only way the PRG will be able to systematically identify such people hidden among the millions of uprooted war victims is to put the American identification network back into service. I asked the State Department whether the system had been destroyed or removed. An offical spokesman replied, "We don't know. Only the Vietnamese would know."

For the rest of us, Lansdale's assurances may be less than satisfactory. The example of the CIA's Cubans whom the White House recycled into plumbers is not comforting. Nor are the reports that some other of the CIA's Cubans now apply their clandestine skills to the domestic drug trade.

Administration spokesmen have told Congress that unless Vietnamese refugees have been convicted of a crime they will be admitted to the United States. Since few corrupt or brutal Vietnamese were ever tried by the Thieu regime, only a handful of the more than 100,000 evacuees fall into this criminal class. In any case, as

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State Department refugee coordinator L. Dean Brown has admitted, the United States cannot under international law forcibly repatriate those—even ex-convicts—seeking political asylum.

Furthermore, before anyone suggests that Vietnamese guilty of war crimes be brought to justice in the U. S., it should be remembered that it was our government which conceived and paid for the "neutralizations" under Phoenix, the "provincial interrogation centers," and the whole secret police apparatus. Saigon's operatives may have reached levels of brutality that violated the sensibilities of their American "advisors," but it would be grossly unfair to put the Vietnamese alone in the docket. It was the U. S. government which made life possible for the Thieu regime, and our officials were not blind to the kind of government they were supporting. In fact, embassy officials at the highest level repeatedly failed to take action on documented cases of corruption among "our" Vietnamese.

Any tendency I have to be judgmental is tempered by my own friendship with "Nguyen Van Danh," who was my interpreter in Vietnam eight years ago. The PRG would call Danh an American "lackey," and according to their definitions that was certainly true. He had all those qualities—honesty, straightforwardness, efficiency, ambition—which Americans so much wanted to see in the Vietnamese. A Catholic, Danh even believed in one of our gods.

At 17, Danh entered training for the priesthood—a calling which he was well aware would have lifted him several notches above his carpenter-father on the social scale. But he had to leave after three years in the seminary because his family could not afford to keep him there, and he found work as a typist on a rubber plantation. Eager to better himself, he took a correspondence course to finish high school, but he was still unable to pass the all-important baccalaureate exam. Without his "bac" he felt he would never rise very high in the French-run plantation, nor would he ever get a good job with the Saigon government. He decided the Americans offered his best chance for the future, and he started to study English at his own expense. After three years of army service as an interpreter, Danh found a job with the U. S. Agency for International Development.

I saw Danh again in Vietnam in December 1974, the day before I was arrested in Saigon and then expelled from the country as a "blacklisted journalist." We talked at length about his life:

I quit working for the French to get promoted. It was a chance to advance. The Americans seemed to be very friendly to their employees. More than the French, who wanted to be the bosses all the time. With the Americans, I learned many new things, and I really got advanced.

By the time I arrived in Vietnam in 1966, Danh was the head Vietnamese employee in a rather large AID office. He was making over $200 a month, which put him well into the middle class, and he was one of the few U. S. government interpreters I ever met who could really speak and understand English. He commiserated with his American bosses about the inertia and corruption of the Saigon government, and he sincerely hoped that the Americans would magically transform his country into a just and prosperous society. He hated the Viet Cong, who had harrassed his family on the plantation, but he also had no love for the Thieu government.

The Americans, for sure, did not want South Vietnam to be communist. They tried hard to get the Vietnamese troops to do the job. Then the American troops came here, and that was another problem. 500,000 Americans coming in created bad attitudes. The Americans gave too much money to Vietnam. Many people say the Americans don't know how to use their foreign aid. They just

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gave it to the Vietnamese government and let them spend it. That's why Vietnam got corrupted.

After the Tet offensive of 1968, at American insistence, South Vietnam finally mobilized all males under 40 not rich enough to buy a deferment. Danh was redrafted, but with a carefully placed bribe he managed to get assigned back to his old job as an American interpreter—now in uniform and at greatly reduced pay. Since he was supporting a wife, three children, and his father, who had been forced off the plantation by Viet Cong threats, he had to take a significant cut in his standard of living. Thus, eight months later he jumped at the opportunity to join the Provincial Reconnaissance Units (PRUs).

The PRUs were established by the CIA in 1965 under the name "Counter-terror Teams." Paid directly by the Agency and largely outside the Saigon government's control, they were supposed to turn the terror tactics of the other side against the other side. In 1966, the CIA became concerned about the public relations impact of the word "terror," and the program was renamed Provincial Reconnaissance Unit. The tactics did not change.

It's unconventional warfare. The main job of the PRU is to annihilate, to neutralize the VC infrastructure. We kidnap the VC and make interrogation to find out some more information. If the VC shows cooperation, we don't kill him. If he doesn't cooperate, we torture him. It's part of the war.

Danh did well in the administrative side of the PRU program. Eventually, in 1971, he was named head PRU operative in an important provincial capital. After only a few weeks on the job, a new Vietnamese PRU commander was appointed in Saigon, and Danh was summoned back to headquarters. He was told that he would have to pay the new man about $1,000 to hold on to his position. He didn't have the money but promised he would pay within two months.

Since I knew that Danh could never have saved that much cash on his PRU salary, I asked him how he intended to raise the $1,000. He swore he had no intention of raising it by shaking down the local population as the PRUs, brandishing their CIA-furnished weapons, frequently did.

I could use my position for many things. I could have my wife open a business like feeding troops in a mess hall. Another way is to set an ambush against VC financial cadre and keep the money. If I get VC money, I use it myself.

Danh never got his chance, however, because the PRU commander refused to wait for the bribe and forced Danh to resign. He picked up a draft-deferrable job with the government and then went to work as an interpreter for the International Commission for Control and Supervision, the body set up by the 1973 Paris accords to supervise the peace that was not at hand. That was where I last saw him five months before the fall of Saigon.

I have no idea what happened to Danh, but I hope he managed to get out of Vietnam. With his PRU service, Danh certainly will be a criminal in the eyes of the PRG—and by the standards of the Geneva convention. Yet, I don't want to see him hurt because I care about him and because I think my country has a responsibility toward him. He followed us, he did everything we said he should, he believed in us, and by his standards we let him down. I have no doubt we never should have promised him anything in the first place, but we did. He should have known better than to get involved with the PRUs, but he didn't.

So I believe we should welcome Danh to this country, if he got out. I will personally vouch for him. And as distasteful as I find some of the other "VIP" evacuees, I believe we must accept them as well. I only hope that General Lansdale is right in saying they will "take to peaceful endeavors quite easily." ■

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LEAVING VIETNAM:

The Others We Forgot

by Charles Peters

For years doves said the Vietcong would triumph soon after we withdrew our troops from Vietnam. For years hawks cajoled and pressured the South Vietnamese to join the forces of the free world. Yet no one took the responsibility for planning an exit from Vietnam which would take care of the Vietnamese who had committed themselves to us.

The news clippings tell the story. As late as April 22 of this year—less than two weeks before the final evacuation of Saigon—Lawrence Meyer wrote in *The Washington Post*:

"With time running out in Saigon, the Ford Administration has taken the first steps toward planning for the arrival of Vietnamese refugees. . . .

"The first problem facing the Inter-agency Task Force on Vietnam, established by the White House Friday, is that it has no idea how many refugees may be coming to this country. . . .

"When a reporter mentioned the lack of relocation camp sites and other facilities to a member of the task force yesterday, he replied, 'That's an academic point. We don't have that kind of numbers yet.' According to this official, 'sites have been suggested,' but not selected."

The planning finally started *three* weeks after this story was filed by UPI from Nha Trang:

"Some Americans, holding shotguns, automatic rifles and submachine guns, kept long-time Vietnamese friends from taking the places they had been promised on helicopters flying from Nha Trang today on the way to refuge in Saigon.

"Other Americans fired into the air and beat back pleading Vietnamese who tugged at them desperately and then watched helplessly as the last two evacuation helicopters flew off.

Charles Peters is editor-in-chief of The Washington Monthly.

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Hours later Nha Trang fell to the North Vietnamese and Vietcong.

"United States civilian employes at Nha Trang left behind more than 100 Vietnamese employes and their families in the United States Consulate General's compound.

" 'I'm so ashamed of the United States Government that I'll never be able to work for them again,' a Government employe said. 'They totally abrogated their responsibility. And the pity is that it was so uncalled for. The people in charge knew eight days ago what was coming, but they refused to do anything about it.'

"All Americans wanting to get out of Nha Trang left on the airlift that began Monday. Only two, one of them a professor at Da Lat University, refused to leave without their Vietnamese families.

"Vietnamese employes who had been promised they would be evacuated, on realizing that the Americans were abandoning them, rushed the compound. United States Marines closed the gates. When the Vietnamese dashed onto the heliport through unguarded gates, they were met by more armed Americans."

To repeat, that story had an April 1 dateline. The planning that finally started three weeks later was typical of the whole war in its preference for the educated and the wealthy. Three years ago Suzannah Lessard wrote in this magazine an article titled "Let Those Hillbillies Go Get Shot" which said that America had let its poorer whites and blacks do the dying in Vietnam. As the refugees began to leave Vietnam, Terry Rambo of *The Washington Post* described the kind of people we were taking out first and the kind we were leaving behind:

"There is a Vietnamese saying that 'Only when the house burns, do you see the faces of the rats.' This phrase, often cited in Saigon in the last few weeks, is again being repeated by Vietnamese observing the most recent

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loads of refugees arriving here from Tansonnhut airport. . . .

"Many of these refugees are employees and families of employees of official American agencies, such as the Defense Attache's Office and the Agency for International Development; these people have legitimate grounds for being evacuated even without accompanying American sponsors.

"Many other Vietnamese, not employed by the U. S. government and often from among the wealthier and more politically powerful families in Saigon, have also come out on these flights. . . .

"The arrival of these former high officials here is galling to many of the Vietnamese refugees who did not enjoy benefits of power. It is particularly hard to accept that these men—who for years called on the people of South Vietnam to sacrifice everything for the 'salvation of the fatherland'—and their families are filling seats on U. S. evacuation flights, while the common soldiers they have abandoned continue to die to preserve their escape route.

"Many lesser official and quasi-governmental figures have. . . been seen in the refugee camp here. A number of wealthy businessmen, dressed in expensive foreign-made clothing, carry small but obviously heavy bags with them at all times. Knowledgeable Vietnamese say these are filled with gold. Young men of military age, but who have never done active service, are also among the new arrivals. Some are more-or-less-legitimate student deferments; others are from wealthy families who paid large bribes to keep their sons out of the army.

"Although the young men would be listed as soldiers on some unit's roster, they would never report for duty, and their commanding officers would pocket their salaries. Such "ghost soldiers"—who represented a significant reduction in the fighting capability of many of Saigon's units, continued to lead the good life in the capital while others fought and died in Quangtri and Kontum and Camau.

"Watching the 'beautiful people' arrive, many Vietnamese and Americans with long personal involvement in the war openly express bitterness and anger.

"Two weeks ago on Phuquoc Island, a soldier disfigured by battle scars approached an American. The soldier had been wounded while serving together with the U. S. Marines in a combined-action platoon in Quangnam Province. He showed a carefully preserved certificate attesting that he had completed a special training course run by the Marine and asked if the Americans would remember him and help him escape from the Communists.

"The answer is to be seen here at Clark, and so far, at least, it appears to be an overwhelming No. There are ghost soldiers in abundance, but combatants like the militiaman from Phuquoc are conspicuous only by their absence."

A later *Washington Post* report, on May 7, described what happened to the majority of the less privileged who tried to get out: "The captain of a ship that brought 5,030 Vietnam refugees to Guam tonight said thousands of persons were left behind in boats in the waters off Saigon 'howling and crying, "Come back!". . . .'

"Arthur Boucher, captain of the cargo ship American Challenger that docked here today, described the scene off Vungtau in South Vietnamese waters as he picked up refugees there 10 days ago.

" 'There were people afloat in boats. They were scrambling to get on the ship,' he said. 'At Phucuoc [island] there were 30,000 to 50,000.'

"At the beach resort of Longhai, he said, he saw 4,000 to 6,000 would-be refugees wailing and pleading from the shore. 'But we had to go,' he said. 'Our orders were to take only 2,500 people from that area and we already had our quota.'

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"Boucher said one of his companion ships, the Pioneer Contender, became so overloaded with nearly 16,000 people, that at least 600 jumped overboard to escape the crush.

" 'I counted at least 200 people in the water swimming for the shore at one time,' he said.

" 'It was very sad,' Boucher said. 'Families were being broken up. Some were on the ship and their families were in small boats and were left behind. . . . '

"Although some earlier evacuees from Vietnam have been wealthy, the poverty of those landing today was obvious. Most were barefoot, poorly dressed and carried few possessions. . . . "

Some liberals think that only the corrupt rich had reason to fear the Vietcong. But it wasn't the Saigon jet-set that got killed by the Communists at Hue in 1968. That massacre cut across class lines. And while the Communists weren't quite as careless with the lives of Vietnamese villagers as we were, they still managed to kill thousands who had sided with us.

This fear of being murdered, of the blood-bath that mercifully has not happened in post-war Vietnam, was not the only reason for wanting to escape. Take Tran Van Ngu, a fisherman the *Times* wrote about in a May 11 story from Guam:

"He was barefoot, wore typical black pajamas, and carried a blue umbrella for shade. He had saved little else from his boat when he set her adrift as he and 11 family members leaped aboard an American freighter off Vang Tau.

" 'I do not know where I am going,' he said, 'but I cannot live with the Communists. All I want is an ordinary life with my family.' "

As we point out elsewhere in this issue ("American Communes: Voluntary Maoism") there is much that is attractive about communism, particularly as it is practiced by the Chinese, the Cubans, and some of the communes here in the United States—attractive, that is, if you don't have to practice it, if you can choose the freedom we so long urged the South Vietnamese to embrace. One might choose to agree with Asian communist leaders who think the traditional family is counter-revolutionary, or one might love his family and think the leaders are wrong, which seems to be the view of Tran Van Ngu.

That we did not make plans to help people like him, the people who supported our cause and believed our propaganda, is a severe indictment of all of us, conservative and liberal alike. ■

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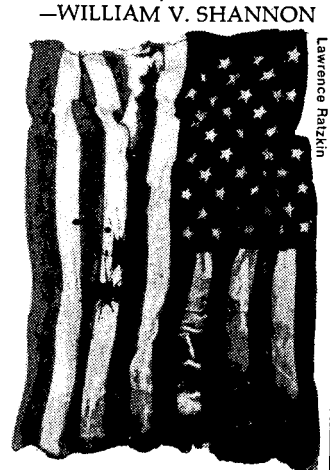

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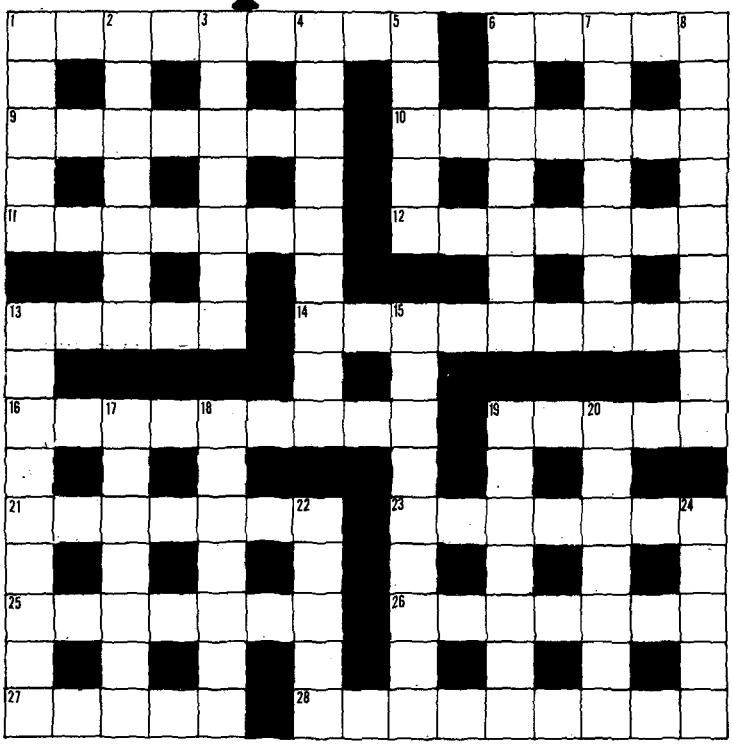
the political puzzle

by John Barclay



Across

1. The winner, put him in with a hundred in water. (2, 3, 4)
6. City in such a noisy victory celebration. (5)
9. Eel fibs? Quite the contrary! (7)
10. Calls again at airport to take back an opening in a prophet. (7)
11. Pet term for an enticer. (7)
12. To employ laws use fence or arrangement. (7)
13. Russian girl at New York mixer. (5)
14. Getting along with his lot in camp somehow. (9)
16. Grabs her in case things turn around. (7,2)
19. Good prospect in Mexico merchandising. (5)
21. Dow wire scramble costs man his mate. (7)
23. Tasks, and in sins, too. (7)
25. Mixed-up old bald stranger. (7)
26. Exterior brace used to remain longer? (7)
27. Philadelphia iceman on a fling? (5)
28. Pause to see if race can be sorted out. (5-4)

Down

1. Normal costume? (5)
2. Ford bets one clam on Dot. (7)
3. Something enervating about nite air. (7)
4. Lays down culinary art in crust tins. (9)
5. Kind of opera or play. (5)
6. Promising jump fuel arrangement. (7)
7. Inge upset taking air up in Africa. (7)
8. Setting of prices not object of his check. (9)
13. Misled by setting forth of Northwest Mounted
15. Police. (6,3)
    Twins home name is not turned around. (9)
17. Forever surplus? (3,1,3)
18. "all the Punkahs. . . cried, "My _____ you are!" Lear. (3,4)
19. Medical aid and Roman truce arrangement. (7)
20. Maker of music, not time composition. (7)
22. Something remains in an overelicitation. (5)
24. Yes, lieutenant can make class, too. (5)

The numbers indicate the number of letters and words, e.g., (2, 3) means a two-letter word followed by a three-letter word. Groups of letters, e.g., USA, are treated as one word. Answers to last month's puzzle are on page 42.

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Nelson Rockefeller's Pill: The UDC

by Steven R. Weisman

It could not have been the most inviting prospect for ex-Representative Hugh L. Carey of Brooklyn, New York's new Democratic governor, to achieve his first official milestone by presiding over the dramatic collapse of the most powerful urban renewal agency in the state and the nation.

But that is exactly what happened last February 21, when Carey and the New York State Legislature permitted the day to pass without their paying off a $104.5-million bank loan that had come due for the state's seven-year-old Urban Development Corporation (UDC).

The remarkable decision to default on Urban Development Corporation short-term notes was a shot heard round both the financial world and the political world of dozens of states that had patterned their own agencies after the pioneering example set in New York.

The UDC had built or begun construction on 33,600 apartments in 50 communities with its authority to borrow money, develop its own projects, and then construct them, with disregard if necessary for local zoning and building codes. It had spent $1.1 billion by the beginning of 1975 and was geared up to spend $900 million more.

With the default, all this activity came to an end; worse, the credit of New York State was instantly and perhaps permanently damaged. This put in jeopardy not only the future ability of New York to borrow for desperately needed programs, but also the borrowing ability of other states,

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where the ripple effect of the UDC collapse was felt quickly and sharply. In short, the collapse raised enormous doubts about the government's—any government's—ability to use private resources for public ends. More specifically, it left as an open question whether a state government can from now on easily tap the tax-exempt bond market to finance decent housing for people who need it, and thus raised doubts whether such housing can be built at all.

The irony of these grim tidings is that perhaps the UDC collapse was a deserved comeuppance for liberals who for the last several years have engaged in a good deal of deception—not to mention self-deception—to keep the corporation going.

The rise and fall of the UDC is a tale of self-delusion, overreaching, overreaction and panic by both politicians and banks. Its failure stems in large part from forces that were beyond anybody's control—a destructive inflationary economy and an abrupt freeze in 1973 of all federal subsidies for housing.

But the greater reason for UDC's failure is the way the agency was created in the first place: by a gimmicky mechanism concocted by, of all people, Nelson Rockefeller and a then relatively obscure Wall Street bond specialist named John N. Mitchell. Both of them have gone on to bigger things. Their rich legacy will now have to include the shambles that Governor Carey and the banks are trying to sort through in New York.

The key to understanding the Rockefeller-Mitchell mechanism is a bit of New York history, beginning in 1847, when, at a state constitutional convention, the chairman warned the delegates against the government's "dangerous power" to borrow money. "In almost any case, if a bad law is passed by the Legislature, it can be repealed," he said. "It is not so in relation to the subject of debt. . . . [Debt] is silent, creeps along, gets into the state, and when the act is once passed, the debt incurred, the obligation is as strong as death for its payment."

Heeding the warning, the convention wrote in the constitution that no debt could be incurred without approval of the voters in a referendum, a stricture which remained in force, more or less, for 100 years—until Rockefeller came along.

Great Expectations

Shortly after he entered office, Rockefeller and his friend Mitchell came up with their device to circumvent the constitution, not to mention the will of the voters, who had begun to develop something of a habit of rejecting various bond issues for state-sponsored construction.

The mechanism was built initially into Rockefeller's Housing Finance Agency, created in 1960 with the power to borrow money—except that the money was not to be backed by the full faith and credit of the state treasury. Instead, the loans would be supported by what Wall Street later came to call the state's "moral obligation" to repay—an obligation that lifted, as if by magic, the need for voter approval.

The idea of "moral obligation" bonds caught on across the country in states that had similar constitutional restrictions on borrowing money. Today, 30 states have $30-billion worth of "moral obligation" paper outstanding. New York leads the pack, having succumbed early to Governor Rockefeller's famous "Edifice Complex," facilitated by the state's moral commitment of $6 billion to erect dormitories, hospitals, schools, and other facilities on a scale not seen since Robert Moses.

The UDC collapse in New York has now left the agencies that sponsored such construction high and dry.

In the immediate aftermath of the default, for example, a billion dollars' worth of work ground to a halt on nursing homes, hospital additions, and

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UDC Photo

other health facilities because investors had become afraid of buying the moral obligation bonds which backed the projects. "They're out on a limb, and we're out on a limb with them," said a Health Department official. "It's tragic."

Meanwhile, urban renewal officials in other states were left to make desperate phone calls to investors to shore up confidence in their own agencies. But interest rates—the curse of the market's lack of confidence—climbed anyway. Michigan tried to sell $33 million in bonds and was forced to cut back to $25 million. New Jersey attracted only one investing group in early March and had to pay 7.9 and 7.4 per cent interest on notes it thought it could sell for 5 per cent.

"It's been very unsettling," said Ellmore C. Patterson, chairman of the Morgan Guaranty Trust Company, "in the market and across the country."

The years following the creation of the Housing Finance Agency in New York in 1960 contained hints that voters may have been trying to tell the politicians something by rejecting "full faith and credit" bond issues for housing in 1962, 1964, 1965, and 1966. But only State Controller Arthur Levitt continued to warn against the moral obligation bonds as "backdoor financing." No one seemed to listen, perhaps because controllers are always prone to issue tiresome warnings of one sort or another to liberals with visions before their eyes.

At no time were those visions more fierce than in 1968, when Rockefeller introduced the granddaddy of moral obligations, the UDC. It was in the stormy days of April that the issue first came to a vote. The immediate focus of most politicans and editorial writers had been on the new agency's powers to override local zoning and building codes, rather than on its financing arrangements.

To Governor Rockefeller, it was the UDC's powers that made its concept "revolutionary." But by then many liberals in the Legislature were

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beginning to be afraid of the indiscriminate bulldozer of urban renewal. On the morning of April 9, they voted in an unlikely alliance with conservative Republicans to defeat the UDC bill, 85 to 48. But they had forgotten to reckon with Rockefeller's will.

The Governor, that same day, had been marching in the sultry streets of Atlanta in the emotion-ridden funeral procession of the Rev. Martin Luther King, Jr., whose assassination had touched off rioting from city to city across the nation. The march over, he got on the telephone to the legislators, in what remains one of the most furious displays of lobbying, arm-twisting, threats, counter-threats, and horse-trading that Albany has ever seen, and managed to "persuade" the legislators to reverse themselves, 86 to 45, in a vote taken a few moments before a midnight deadline.

A Breech Birth

The UDC was thus born. To run it, Rockefeller tapped Edward J. Logue, a pugnacious expert in bureaucratic politics. Logue had engineered $5-billion worth of redevelopment in his hometown, New Haven, and then in Boston, after a stunningly unsuccessful run for the Boston mayoralty that left him with nothing but debts. Ironically enough, Logue had spurned an earlier offer to come to New York City to work for his friend from the old days in New Haven and Yale, John V. Lindsay. The city job, he made clear, didn't have the clout to make it worth his while. Rockefeller's offer, on the other hand, promised the power, and the Governor sweetened the deal, we know now, by proffering $176,000 in gifts and loans to help pay off Logue's campaign debts.

From the outset, there was great enthusiasm and hope surrounding the UDC, despite what should have been seen as an obvious flaw in its conception, a flaw later compounding the central problem of "moral obligation" underpinnings.

All the agencies Rockefeller had created to borrow money, with a moral obligation to repay, were supposed to build things that would produce enough revenue to pay off what they borrowed. But the UDC was different, in a sense. Born of the urban crisis, it was mandated to build housing in the worst slums in the state—housing that was not being built by private enterprise for the simple reason that such housing was not profitable.

The UDC, James R. Adams wrote recently in a *Wall Street Journal* editorial, was thus designed to build "socially beneficial" projects it knew had "low prospects for generating the revenue needed to repay the debt." Risk, in other words, was UDC's raison d'etre, which Adams, among others, said was all right in theory. The trouble was, he said, that "the UDC, in pursuing its social ends, seemed to forget it was working with private money."

One of Logue's first fiscal decisions did little to ease the banks' fears over those risks. It was a decision apparently encouraged by George D. Woods (whom Rockefeller persuaded to serve as the first UDC board chairman) on the basis of Woods' experience as president of the World Bank. Rather than borrow money for each item to be built, so that each bond was backed by an individual project, the UDC pooled all its projects and borrowed generally against the combined revenues and worth. To Logue, this strategy helped spread the investment risks and also protect individual projects from "wicked swings" in interest rates. "The UDC spread-of-risk factor," he said, "is one of its great financial strengths."

But it hardly seemed so to the financial community, which feared that, instead of the strong projects protecting the weak, the weak projects would bring down the strong. They complained further that they couldn't see exactly how project revenues might match expenses. "We

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had an uneasy feeling about UDC, almost from the beginning," said Frank P. Smeal, executive vice president and treasurer of Morgan Guaranty Trust Company. "A complex, internal cash flow structure made it impossible to forecast overall revenues and expenditures, and UDC could not help."

Weak Vital Signs

UDC's very first annual report, in 1969, carried a footnote from its auditors, S. D. Leidesdorf, that it was "not presently determinable" whether the UDC was going to be able to recover the costs incurred by its construction program. But such caution was expressed in whispers, and few took note of it—certainly not politicians. What began to worry investors, however, were the very things that impressed everyone else—Ed Logue's determination to cut through what Rockefeller had called "the impenetrable layers of red tape" associated with publicly subsidized construction. Logue began to boast that he could complete projects in 18 months, whereas other urban renewal agencies took three or four years.

Logue's speeded timetable was accomplished by a variety of means, some of which did not become clear until recently. First, he went ahead and built on the strength of verbal commitments from the federal government and localities, risking the possibility that they might not meet their promises. He spent money to plan projects he knew might not get built—a necessary tactic for a government agency, but one that made investors skeptical. And he hustled aggressively to obtain millions of dollars in federal interest-rate subsidies under Section 236 of the Housing and Urban Development Act of 1968—but again permitted himself to go ahead on "236 Projects" for which he had no written contracts guaranteeing the money.

These were tactics that might have been frowned upon in most any government renewal agency, but they were particularly hazardous in view of the precarious "moral" commitments that the agency had, in effect, to its own solvency. One of the earliest warnings that moral obligations required, if anything, more conservatism in management came in March 1972, from Controller Levitt, who said it was "not yet clear whether UDC will be able to meet its repayment commitments to the State on a timely basis" and that its budgeting and expenditure controls were "much in need of improvement."

Not until some time later, however, did it become clear how correct Levitt was.

In 1972, for example, the UDC had to suspend work on two projects it had begun for the New York City Housing Authority, which had promised to purchase them with federal assistance. But the Authority had no assurance of the assistance, and UDC auditors acknowledged that the state agency might be "unable to recover" its money. They also noted that UDC

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had begun construction that year on 13 projects on sites for which it had not acquired title; that it undertook $5.2 million for relief programs for tropical storm Agnes with money that had not yet been reimbursed (the need for swift action on the matter being paramount); and that it spent $5.8 million for local civic projects, even though it was still only "in the process" of negotiating sale agreements.

A Governor's Task Force in late 1974 was to report that UDC persistently ignored warnings from its own market analysts that it would have trouble renting its projects. It said UDC too often bowed to local political and community pressure for unfeasible projects, and then was left with apartment house complexes that had no prospect of making money. The agency had its share of bad luck, too, when it spent $7 million for a department store chain in Syracuse that went bankrupt and $11.5 million on land purchased from the Penn Central. When Penn Central also went bankrupt, UDC found that holders of the railroad bonds had a claim to the property and that UDC might lose its investment.

Touch and Go

Steadfastly, Ed Logue always denied that he was taking any "undue risks."

"We are not wandering in a wilderness of unknowns," he said. "In a handful of projects, we may have somewhat overbuilt the market at the urgent request of local officials. With an exception here and an exception there, the evidence is positive."

Nonetheless, after the final throes, the Governor's Task Force was to find that 24 of 50 projects Logue had placed in operation had "insufficient working capital provisions"—that is, they were losing money. Although the "aggregate shortfall" for $354-million worth of construction was only $3.7 million, the report said many of the projects would take three to 11 years of steady rent increases before rental income would be "sufficient to meet cash needs."

Defending its record to the end, UDC officials said that only 10 per cent of their projects suffered "serious, chronic problems," but they acknowledged that another 40 per cent would have to be "saved" by rent increases—a disturbing prospect when the purpose of the housing was to help families of lesser means.

"By going into renewal areas and other 'gray' neighborhoods," the Governor's report concluded, "the Corporation assumed risks which no private developer and no other public agency would take. In part, UDC is now realizing the financial penalty of its risk-bearing behavior, as well as for its speed of operations."

Although cost overruns for the UDC were only 6.1 per cent—a reasonable figure—the agency was seen by investors as a profligate outfit. UDC's reputation was only enhanced by its commitment to build three glamorous "new communities"—Radisson, a $500-million suburb of Syracuse; Audubon, a $500-million new town at the site of the State University of New York in Amherst, just north of Buffalo; and Logue's crown jewel, Roosevelt Island, a glittering, $375-million, 5,000-apartment community on an island in the East River, containing shopping space, office and hotel space, as well as a Buck Rogers system of mini-buses, underground sewage disposal, and an aerial tramway to Manhattan.

Logue's intention was to build most of the communities with private capital, and he succeeded in some respects. The Schlitz Brewing Company agreed to erect a $100-million regional brewery at Radisson, prompting UDC staff people to refer to the beer as "Schlitz—the beer that made Radisson feasible."

But on Roosevelt Island there was trouble. In early 1972 Richard Ravitch, the builder-developer brought in to coordinate it, resigned because he thought the whole project

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was unmarketable. Ironically, Ravitch was the man Governor Carey brought in three years later to save the moribund UDC.

The Bitter End

But the biggest blow to befall the UDC came in January 1973, when President Richard Nixon announced a moratorium on all federal housing subsidies. At UDC, there was nothing less than panic, for Logue had relied on the "236" subsidy program for 94 per cent of his projects. The subsidies were essential to these projects' marketability—without them, his apartments would cost $100 a room.

The moratorium led to painful questions: what would happen to the "236" money for which Logue had received mere "administrative assurances"—and gone into construction anyway? The 1972 annual report, which came out in 1973, was of little comfort when it warned that failure to complete the "236" contracts would result in "modification, postponement, disposal or abandonment" of several UDC projects—"with consequent loss to UDC."

Once more, the auditors warned of the agency's inability "to evaluate. . . the adequacy of the reserves for possible project losses and possible loan and mortgage losses as described."

If they were paying attention, investors might also have noticed that Robert C. Moss, the chief UDC fiscal officer, had abruptly resigned, and that Ed Logue had left Moss' job vacant for several months.

1973 was the year UDC suffered major losses, politically and economically. It had, in 1972, launched a proposal to construct 100-unit projects in each of nine small towns in suburban Westchester County, something that brought forth a storm of opposition from suburban residents. Governor Rockefeller, who had actively opposed all efforts to dilute the UDC's broad powers, found it harder to fight off the dissidents. In 1973, he bowed to their pressure, perhaps with an eye to running for reelection the next year, and signed a new law requiring UDC to win approval of its projects from any town or village it wanted to build in. Logue grimly accepted the change, but feared that it would be "construed as indicating legislative disfavor with UDC."

The banks, meanwhile, were expressing their own disfavor in no uncertain terms. They observed the problems of UDC's risks, its lavish construction program, and its lost federal subsidies, and they began to make demands that UDC give some indication of its "cash flow" situation. Logue responded by saying only that UDC was unable to project the point when total revenues would be sufficient to repay its outstanding bonds. In the spring of 1973, the banks found themselves most concerned with UDC's "open-endedness," its plunging into more and more construction projects, even though it couldn't say for sure when income would surpass expenditures.

Banking hostility in late 1973 forced UDC to reduce a $200-million bond issue to $100 million. Institutional investors began dropping out of the UDC market, leaving individuals to pick up the slack. In October, Moody's, the respected rating service, decided that, despite the "moral obligation" provisions in UDC debts, it was worried about UDC's inablility to forecast its revenues. It then dealt the agency a major blow by reducing its credit rating from A to Baa-l, warning bondholders and analysts not to be "misled by the simplicity" of the term "moral obligation." A few months later, Moody's reduced the rating another notch, to Baa.

Although it should have been clear all along, from a careful reading of the S. D. Leidesdorf accounting reports, that UDC had never been able to document completely its cash flow, Moody's and the banks were now pointing to this fact to substantiate their claim that the entire

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operation was basically suspect. At the same time, UDC hardly rose to the occasion. The best that it could do, apparently, was to suggest in a vague way that income would surpass expenditures in 1978 or 1979.

By April 1974 Logue was conceding that his agency had suffered problems—but that those problems were behind him. He was hopeful that the $365-million worth of projects that were already beginning to generate revenue would persuade banks that UDC was healthy. And he promised everyone that there was enough "236" federal money to cover the projects that needed it.

But Logue's hope was misplaced, for the situation was now out of his control. The bankers, it turned out, were not simply reacting to what they perceived as poor management at UDC. They also had a disastrous situation on their hands in the money market.

A mounting federal deficit was absorbing huge sums of available capital. New York City's appetite for borrowing was leaping as well. Inflation, meanwhile, was dampening the interest of individual investors and all but wiping out the savings of casualty insurance companies, who were the other big lenders in the marketplace.

Banks, at the same time, had lost much of their need for tax shelters because of their increasing reliance on overseas investments and on the purchase of real property, which they depreciated for quick tax write-offs.

To make matters worse, UDC embarked on this, its middle period, with enormous borrowing needs of its own, principally because of the heavy start-up costs of construction work done in 1971 and 1972.

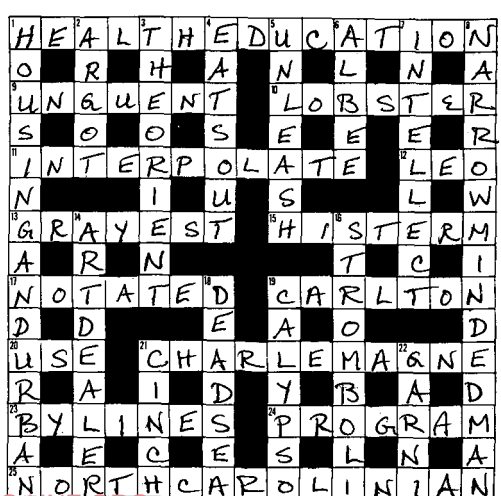
Banks pleaded with the UDC to cut back on its programs. "We were deeply concerned about the hostile environment in which the financing had to be done," said Frank Smeal of Morgan Guaranty. "With construction costs, operating expenses and interest rates rising sharply, our pleas that the program be slowed were of no avail."

Morgan Guaranty specifically asked UDC to call a moratorium on new projects. Rebuffed, the bank withdrew as a manager in a syndicate of seven UDC bond underwriters in early 1974. Belatedly, Logue offered to transfer or sell $190-million worth of housing projects to the more conservatively run Housing Finance Agency—the rival "moral obligation" agency that had been set up in 1960—freeing some money for UDC. But the move was too little too late, and the difficulty he encountered in making the sale led to a further loss of confidence by the banks.

UDC's doom was sealed, perhaps, by an act of the state legislature and governor that, on the surface, had little to do with the UDC.

In June 1974, Governor Malcolm Wilson signed, with "great reluctance," a measure repealing the 1962 covenants placed on bonds issued by the independent bi-state agency, the Port Authority of New York and New Jersey. (New Jersey had already approved the measure.) The covenants had prohibited the Authority from using millions of dollars in reserves accrued from its lucrative airports, tunnels, and bridges for any mass transportation projects that might lose money.

Answers to May puzzle:



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While many viewed the Authority's reserves as free money for desperately needed mass transit, investment banks saw them as protection for their bonds—protection that, when rated, undermined the value of the bonds and of the state's obligations in connection with the bonds. "The inference was easily drawn," said Smeal, "that one who will revoke a legal obligation can have little regard for an annually maturing promise euphemistically referred to as a 'moral obligation.' "

That UDC was finished became clear in September, when the agency sold $275-million worth of bonds at the astronomical rate of 9.375 per cent—the previous average had been 6.5 per cent. UDC's ability to call on the capital market for help was at a virtual end. The banks served notice that they would not lend UDC any more money until somebody straightened it out. Everything was over but the final salvaging—and the recriminations.

Governor Wilson's Task Force, which examined the UDC at the end of the year, finally endorsed the banks' recommendation of halting UDC construction and cutting its authorization back from $2 billion to $1.6 billion. The cutback, Logue predicted, was "financially incompetent" because it would jeopardize the financial health of what had already been built. Ed Logue, however, resigned after Governor Carey took office, and Governor Carey proved that, moral obligation or not, he was weary of UDC.

When he took office in January, UDC was spending a million dollars a day on its 500 employees and 8,000 construction workers on projects around the state. With only a trickle of revenues coming in, it was, in effect, broke—and there was a $104.5-million bank loan coming due February 21. UDC's only hope for repaying the loan—its urgent request for still another loan—had been unequivocally turned down for the last time.

Carey's penultimate move was to turn to Arthur Burns of the Federal Reserve, who said "no" to his loan request, and, with the banks threatening to attach UDC's assets, Carey let lapse the February 21 deadline, as well as a deadline a few days later on another $30-million loan.

Eventually, Carey won tentative approval from the banks to buy the bonds of a new state Project Finance Agency, which he and the Legislature created to take over the UDC construction program and bring it to a hasty close. But even if the situation holds, of course, the damage has been done.

One solution to the shortage of low-rent housing—a solution that would not involve government architecture—is suggested by this recent report in *The New York Times*:

"Henry Kibel had a city permit to build a 33-story luxury apartment house at 300 East 34th Street, but he did not stop building until he reached the 36th floor. Irate neighborhood residents demanded early last year that the three illegal floors be torn down. The city came up with a compromise: The three top floors could remain, but Mr. Kibel must rent an equivalent number of apartments in the building to elderly tenants at moderate rents.

"Mr. Kibel has made good on the bargain. Renting at the building is well under way, and all 50 units set aside for the elderly have been taken, the city's Office for the Aging confirms.

"The elderly tenants are paying about $50 a room, compared with $150 for other tenants."

Builders of high-rental buildings could be required to offer a reasonable number of units at low or moderate rent as a condition to being permitted to enjoy the high profit from the rest of the building.

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Post Mortem

Urban renewal, over the years, has not always been the most popular of enterprises, even among those committed to helping the urban poor. The destructive bulldozer was what many liberals feared most in the UDC, but it turned out that UDC's failure had very little to do with whether its building program helped or hurt the poor in local communities.

The fact is that private enterprise cannot today provide housing for the poor, and even increasingly for the middle class, without government assistance of some kind. But this fact, known to any professional in the housing business, has not yet been faced by the voters in New York State or elsewhere. It's at least arguable that, by creating the UDC and other "moral obligation" agencies, the politicians did little to force their constituents to confront this fact.

Instead, in New York, the politicians—and, yes, almost the entire remainder of the community of liberals—avoided the issue entirely with another one of those quick fixes for which the 1960s is becoming famous. The "moral obligation" fix worked when there were good times, when the marketplace was bulging with investors, and government found that it could profit tidily from their loans.

But the marketplace is a cruel, fickle, and even panicky judge of government policy when times are bad, especially when the guarantees are weak. "Our development program, like any real estate development program, requires systematic borrowing," said Logue, as he complained about the banks' criticism of his need to borrow. What he failed to understand at the end was that the UDC was not "any real estate development program." It was a government agency circumventing the state constitution for purposes that were, by definition, full of risks.

"The UDC," said Frank Smeal, "has been a stylish, highly visible agency, more popular with editorial writers than with bankers, claiming the courage and imagination to rush in and build housing where others feared to tread. This power in the arms of those who are driven by a call to build, build, build and then build some more and damn the rules and regulations, including, for a short while, community zoning codes, and damn the bankers; such power ought to be granted only with a far wider agreement of those who must ultimately pay the bill. It requires, we now know, a much firmer state commitment which can only be given by the people."

The collapse of UDC, Smeal seems to suggest, does not mean the end of urban renewal. It simply means that taxpayers will have to play more of a role in approving and overseeing it. In other words, the idea of enlisting the private sector in support of public projects isn't dead; what we have learned is that a government cannot responsibly enter into such a partnership without the co-signature of the voters. A reversion to a system of winning voter and taxpayer approval for public construction will undoubtedly make it harder for the government to pursue its goal, and therefore the politicians who are concerned with housing needs will have to do a better job of clarifying those needs to the voters.

The broad lesson of the UDC's collapse is that well-intentioned deviousness, the by hook or crook pursuit of a worthy goal, can in the long run do more damage to that goal than good. In the heady go-go atmosphere of the last decade it seemed that miracles were only a matter of aggressive vision. Now we are seeing those visions sink, leaving nothing but wreckage on the surface for others to clear away. In the words of Richard Ravitch, who was brought to clear the wreckage in New York, "In the 1960s we forgot that resources were limited. The business of government in the 1970s will be to pay the price of the decisions of the 1960s." ■

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The Mellons, the Mafia, and A Colonial County

by George Crile III

In the Whiskey Rebellion of 1794, farmers in four Western Pennsylvania counties took up arms rather than pay a federal tax on the whiskey they produced. The rebels were on the verge of seizing the federal garrison in Pittsburgh when President George Washington sent out a force of 15,000 militiamen to crush the insurrection. Almost 200 years later, in one of those same Western Pennsylvania counties, a new collection of outraged taxpayers organized to rebel against a method of taxation they felt to be unjust. As was the case with their spiritual ancestors in the Whiskey Rebellion, these modern day rebels had no way of anticipating the awesome battle they had undertaken.

The drama began a few years ago when Mrs. Dorothy Shope, a middle-aged mother of five, received her property tax assessment in the mail. Until then Mrs. Shope had led the conventional life of a doctor's wife in Westmoreland County, Pennsylvania. Politics had never played a part in her life; her latest preoccupation had been moving her family into a new house on a sizeable tract of land in the country near Greensburg.

An aggressive blonde, used to getting her way, Mrs. Shope was infuriated at the assessment the county assessor had placed on her land. Since neighboring farm land was being taxed at only a fraction of her $700-an-acre valuation, she took the matter to court. . . and lost. The judge did not dispute Mrs. Shope's claim that she was being unfairly taxed, but he pointed out that an all-county reappraisal was under way and ruled that the assessment should stand until an equalization could be made.

Frustrated, Mrs. Shope gathered a group of her friends and helped form

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an organization known as the Association of Concerned Taxpayers (ACT) to investigate the sharply rising tax rate in the the county. All novices in the ways of Pennsylvania county politics, they wrote a resolution calling for a freeze on the local tax rate, gathered several thousand signatures, and watched in horror as the county commissioners threw the petition into a wastebasket and promptly raised the tax rate again.

The indignant ACT members decided to challenge the commissioners at the polls, and they drafted Dorothy Shope as one of their candidates for County Commissioner in the 1971 election. Aside from concern over rising taxes, they were incensed to discover what they considered blatant tax breaks being given to certain officeholders and owners of large industrial and commercial properties.

The ACT members, however, didn't think these apparent tax inequities could be transformed into a campaign issue, for the commissioners had already moved to correct them—or so at least everyone then believed. Some months earlier they had hired the nation's leading property tax appraisal firm, the Cole-Layer-Trumble Company (CLT), to reappraise each of the county's 147,000 properties. This decision had been hailed as a reform because the company's expert appraisers were thought to be free of the corruption that so frequently accompanies the work of local assessment officials. What nobody knew at that time was that the CLT had acquired a reputation of doubtful probity, complete with a recent history of invalidated reappraisals, repeated legal challenges, and charges of bribery and conflicts of interest.

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CLT's reappraisal in Westmoreland county was scheduled to be completed in 1970, well before the election the following year, and had the company's work lived up to the county's expectations, ACT and Dorothy Shope would, in all likelihood, have retired into the suburban obscurity from whence they came. But for many, the reappraisal did not accomplish its promised reform. Instead, the work was so suspect that CLT was charged with outright fraud, and the resulting controversy triggered a furious taxpayers' revolt in the county. Mrs. Shope, the standard bearer in the rebellion, was elected chairman of the Westmoreland County Commissioners. Together with the support of the other newly elected commissioner, who had also been endorsed by ACT, she was suddenly in a position to dominate the politics of the county and thus to invalidate CLT's reappraisal.

For ACT, the victory appeared to have been won. It only remained for their champion, Mrs. Shope, to institute the necessary reforms and clean up the county's politics. But the victory turned out to be a sham, and what had begun as a heady fling at participatory democracy for Mrs. Shope soon led this unsuspecting housewife into a series of confrontations that seemed to threaten the safety of her children and to menace her own life. Mysterious threats and harassment, which have never been traced to a source, persistently dogged other ACT reformers, and soon cooled their ardor for further confrontation.

Entangled in this discouraging episode is a political morality play as old as the nation, only recast in modern dress. The homeowners in ACT, for all their suburban affluence, were modern-day immigrants, counterparts of the Irish in Boston or the dirt farmers confronting cattle barons on the high plains. When, as political newcomers, they asserted their demands for equitable taxation, they found themselves up against the

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Dorothy Shope

carefully erected and deviously maintained walls of the local establishment, which in Westmoreland County ranges from an underworld syndicate to one of the nations's richest families—the Mellons.

Racket Club

Although it is often thought of as the lushly manicured retreat of philanthropic Pittsburgh millionaires, Westmoreland County is no stranger to a miasmic political atmosphere of fear and corruption. In the 1950s the county achieved brief national notoriety as the center of a racketeering empire in which the county's public officials were said to be openly allied with underworld figures. In 1957 two of the county's prominent residents were arrested at the Appalachian Meeting where national mafia leaders were conferring. According to the U. S. Attorney for Western Pennsylvania, Richard L. Thornburgh, the mob's presence and influence on

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Westmoreland County politics continues to this day—standing in curious contrast to the genteel, yet all-pervasive role of the extended Mellon family and its multitude of financial interests in the county's economic life.

As owners of controlling interests in such companies as Alcoa, Gulf Oil, and the Koppers Company, the Mellons are linked with the county's major employers. Through the family-controlled Mellon National Bank and First Boston Corporation, the Mellons hold part of the debt of the county government, along with mortgages on many of the county's homes, and serve as one of the depositories for the county's funds.

One of the family's richest members, Richard Mellon Scaife, owns and publishes the county's major daily newspaper, the *Greensburg Tribune Review*. The Mellons dominate the county's charities and are its unrivaled doers of good works. For example, they restored the historic center of the town of Ligonier, built a new town hall and post office, and contributed to one of the area's major hospitals in Latrobe.* All in all, the county shares many characteristics of a company town, including the classic symbol of its domination—the imposing house, or in this case, houses, on the hill.

*For three generations, members of the Mellon family have been making major philanthropic and public service contributions—much of it through the Mellon Foundation, now the fourth largest charitable foundation in the country. The National Gallery of Art in Washington was a gift of Andrew Mellon; his grandson, Paul Mellon, president of the gallery, has continued generous support and has devoted his life to carefully donating his fortune as a patron of the arts and letters. Richard K. Mellon is credited with responsibility for organizing the clean-up of Pittsburgh's air and the dramatic revitalization of its downtown center. Most of the early civil rights legislation passed in the 1960s was written by members of the Taconic Foundation which was funded by a member of the family. Another Mellon finances and personally directs the Albert Schweitzer Hospital in Haiti.

Stretching out over 20,000 acres of valleys and mountains in and around Ligonier Township, the members of the Mellon family and certain of their corporate executives maintain homes in a state of baronial splendor rarely seen in modern times. Clear streams, bridle paths, and post and rail fences wind up and down the rolling green hills where the family's numerous mansions and privately owned country clubs lie nestled in groves of old trees. Domesticated deer roam unafraid, protected, as are their owners, by an internal police force.

U. S. Attorney Thornburgh, who spends much of his time investigating the extensive activities of organized criminals in Westmoreland County, points out the irony in the Mellon syndicate coexistence: "Here you have the veneer of verdant hills and valleys peopled by the wealthy families of Pittsburgh, yet within a stone's throw of them you find the underworld, the syndicate guys.* There are some very venal people there—very evil."

The Taxman Slumbers

In 1967, when Cole-Layer-Trumble was hired to reappraise Westmoreland County's properties for a fee of $959,000, there had been no reassessment of properties in the county for nearly 40 years and no consistency marked the valuation placed on homes or industries. According to one local newspaper, over 15 per cent of the properties in the city of Monessen were not even included on the tax rolls.

The decision to hire CLT was a major departure from the county's political traditions. There are few jobs in local politics so potentially lucrative, or so easily corrupted, as the job of the local tax assessor. This massive reappraisal offered local officials an unprecedented opportunity to profit

*According to Thornburgh, the syndicate's activities in the county are dominated by the Gabriel Kelly Mannerino family, with ties into the Pittsburgh underworld ruled by John S. LaRocca.

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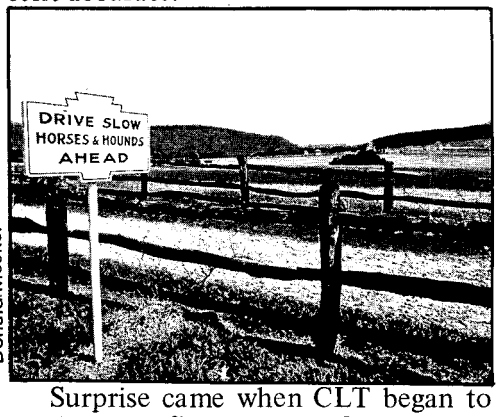
from graft, but instead they chose to contract the job to an outside firm. As the logic goes, these companies, known as mass appraisal firms, guarantee a combination of qualities rarely found in a local assessor, competance and honesty. Thus the commissioners' decision was hailed as a major step toward political reform.

This conclusion was reinforced by the choice of Cole-Layer-Trumble to do the job. CLT is one of the oldest and largest firms in the business; in recent years it had come, like General Motors, to dominate its industry.

There was some consternation when CLT submitted its bid of only $6 for each parcel of property to be appraised. The sum was so low that Andrew Kritsky, chairman of the Assessment Board, insisted that no company could properly perform the work for so little money. But CLT's reassuring salesmen and impressive brochures promised the most thorough job available: trained appraisers would inspect every property and as the company's president claimed, "Once we turn the values over to the counties they're 100 per cent accurate."



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Surprise came when CLT began to send out its first notices of new values to the county's property owners in 1971, three years after the reappraisal had begun. Thousands of notices were sent to the wrong addresses, while many that did reach their proper destinations had mathematical errors and property descriptions that had long since changed. In one instance, a woman who had recently moved from Pittsburgh received a CLT appraisal valuing her house at $1.4 billion, up from $750. Hundreds of others found they were being appraised for barns that had been torn down and for acreage sold off years before. But the main concern of most homeowners was the staggering increase in their realty appraisals.

Child Labor

The County Controller, Wayne Gongaware, was the first official to find out what had happened. Shortly after CLT started work, he discovered that, outside of a few supervisors, the company wasn't hiring experienced appraisers to inspect the county's properties. Instead they were paying high school and college students $1.50 an hour to do the initial inspections. Furthermore, the Controller found that the students often didn't even go into the houses. To make matters worse, he claimed that CLT was disregarding the work the students did perform: "They had their employees take the county's [assessment] books across the street [to CLT's office] at night where their clerks erased the student's penciled-in-writing and replaced it with the county's figures from its property tax cards." They evidently didn't even use the county's most up-to-date cards, which explained why many of the cards contained outdated information and also why many had been sent to the wrong address.

William Wolosyn, Kritsky's successor as chairman of the Assessment Board, shared Gongaware's suspicion and started to check CLT's work. He found major, sometimes devastating, appraisal increases for farmers, small businessmen and homeowners. He estimated that most homes were being increased from 25 to 75 per cent. On the other hand, he maintained that there were no reductions or increases for many industrial and commercial

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properties and land held by real estate developers, despite state tax laws calling for uniform assessments for all properties. For example, two Alcoa plants (the Mellons have controlling interest in Alcoa) were given a combined reduction of $4 million, a 52 per cent decrease; U. S. Steel $1 million; American Chain & Cable, $400,000; and so on. In one township the pattern was so glaring that the local weekly newspaper, the *Westmoreland Star*, declared in its headlines: "New Assessments Give Tax Breaks To Business, Industry." Soon hundreds, and then thousands, of cars across the county were carrying bumper stickers with the message "Reduce Taxes, Join ACT." The wave of protest that would carry Mrs. Shope into office was beginning to crest.

Wolosyn also checked the reappraisal of the Mellon properties. The county's property valuation records were, at that time, open to public inspection, but in the files where the Mellon property values should have been recorded there were only plain yellow file cards bearing the cryptic reference: "Special Set Up." The actual records were carefully kept out of the public domain, locked in a desk drawer of the Assessment Board member assigned to handle the family's properties. Once a year, this official would meet the Mellon land expert, usually at the Mellon's Rolling Rock Farm, where he would be informed of any recent Mellon acquisitions or demolitions.

Wolosyn, however, was able to study the tax records, and he concluded that the Mellons were receiving extraordinary tax treatment. Property values in Ligonier Township, where the Mellons own about 15,000 acres, had been increased about 40 per cent by CLT's appraisers; but Wolosyn found the Mellon properties had gone up only two per cent. The significant finding, however, was that much of their land had been valued at less than $100 an acre. Some of the appraisals were ludicrously low. For example, one CLT valuation of a 312-acre Mellon property led to an assessed value of 64 cents an acre. Later, after this figure was published, the county claimed a mathematical error and brought the figure into conformity with other Mellon valuations. But even the up-dated figures hardly reflected the thousands of dollars per acre value that real estate agents say the exquisitely cultivated and valuable land is worth.

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After completing his study, Wolosyn presented his findings to the county commissioners (Mrs. Shope had not yet been elected) with the recommendation that the county sue CLT or at least force the company to redo its work. His recommendations were rejected; subsequently he was fired for his efforts.

Meanwhile, Controller Gongaware declared that he would not pay CLT the final $121,000 of its contract. "What CLT did was cheating by fraud," he explained. "When you deliberately erase records and put in our old records and then sell them back to the county for $1 million, that's fraud." The controller felt there was other "hanky-panky" going on as well, particularly with regard to the appraisals of large industrial properties, and he asked the county's District Attorney, John Scales, to join him in an investigation. Scales, an ambitious politician fond of pointing out that he was a classmate of Ralph Nader at Harvard Law School as well as a classmate of U. S. Attorney Richard Thornburgh and Richard

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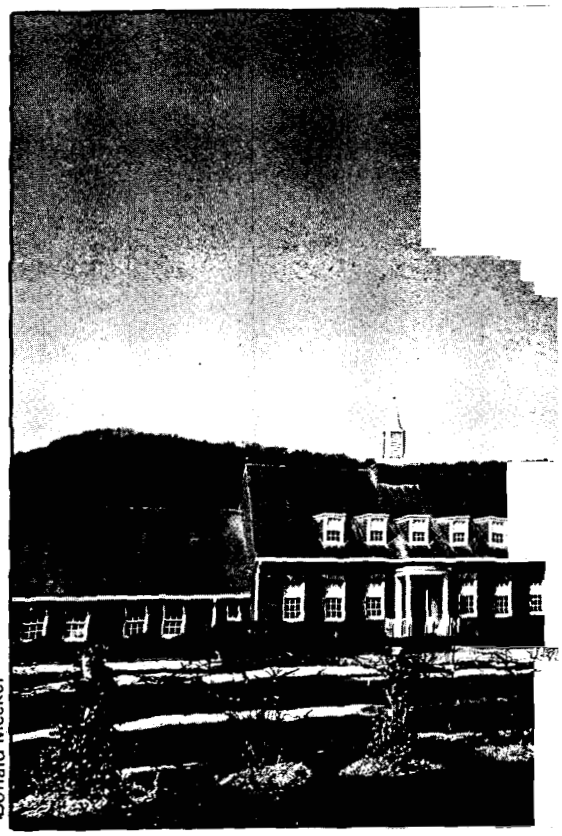
Mellon Scaife at Yale, was initally enthusiastic. After confirming Gongaware's findings, the D. A. petitioned the county judge to convene a special grand jury to investigate CLT's appraisal. According to Pennsylvania's Deputy Attorney General, Peter Brown, "It's unheard of for a judge to turn down a district attorney's request for a special grand jury." But Judge David H. Weiss did just that.

In fact, according to Scales, Weiss merely glanced at the petition and then read his denial from a previously prepared statement. The judge then proceeded to impound Scales' petition, along with all tapes and documents that had been assembled in the course of their investigation. Finally, the judge ordered both Scales and Gongaware not to discuss any of their findings and concluded by impounding his own order that had impounded the petition.

Judge Weiss, who speaks of the whole incident with the pained tones of a disapproving father, says that he suspected Gongaware and Scales of political motives. "It was sort of a conference to get Jim Kelley [the third county commissioner] right before the election. . . Oh! it was so political," he said shaking his head.

Kelley regards the whole controversy with the good-natured detachment of a professional politician. Seated at his roll-top desk, wearing a high stiff collar, he seems to have stepped right out of the 1930s. A big, balding Irishman, he is said to run Westmoreland County's politics. "We don't get a chance to see you city slickers often," he said jovially, as he spread a white linen cloth over a table in his office and offered coffee and doughnuts. The commissioner then leaned back in his chair and smiled: "This controversy is all a bunch of bullshoes" he began. "Now, I'm not trying to say there was nothing wrong with the reappraisal. Hell! There's no perfection in human life, and not in county government. . . . but," he concluded with a shrug of his shoulders, "you do the best you can."



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In reviewing the case, Pennsylvania Deputy Attorney General Brown was puzzled by the actions of both Judge Weiss and District Attorney Scales. "I can find no precedent for a judge to in effect freeze an investigation in mid-tracks like this. And frankly, I was quite surprised that Scales took it without any objection."

Scales and Gongaware did take up their petition with a new judge, but he also refused to send the matter before a grand jury. Instead, he suggested they undertake a new investigation. By this time, however, both Gongaware and Scales, who was then running for the state senate, felt they were waging a losing battle, and they became reluctant to pursue their cause against the formidable political front forming against them.

"It's just astounding what went on," Controller Gongaware reflected later. "We revealed it all to the county commissioners and they just laughed at us. I was the only one who had the

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guts to stand up and fight, but I didn't have the backing." And so Gongaware reversed his position and authorized the final payment to CLT.

With this action the investigation was halted, but the public reaction to CLT's home assessments was just beginning. When the company held public hearings, more than 15,000 property owners appeared to protest the values the company had placed on their properties. The homeowners were only given two or three minutes apiece to appeal their appraisals and, according to Gongaware, they were often intimidated by suggestions that their complaints might result in further increases in their taxes. "They treated our people like dogs," the controller observed. But in Monessen, the city council declared that CLT's appraisals in that city were totally unreliable and ordered the mayor to rescind them. On the day the tax bill arrived at homes throughout the county, a mass of furious taxpayers in the town of Arnold swarmed into the city's municipal building, forcing the officials in this small rural town, who had never before dealt with citizen dissent, to close the building down.

With each succeeding incident, ACT's power grew, until by election day it had become the major political force in the county. Commissioner Kelley called it a "mob reaction" and singled out Dorothy Shope for irresponsible rabble-rousing. Riding this wave of resentment, both she and ACT candidate Robert Shirey, a Republican farmer and motel owner, both of whom were campaigning against the reappraisal program, were swept into office. They were elected to two of the three county commissioner posts. Although one of the final acts of the out-going commissioners was to adopt Cole-Layer-Trumble's reappraisal, it appeared certain that Mrs. Shope, as the new chairman of the commission, would succeed in throwing it out, since the only dissenting vote would come from hold-over Commissioner Kelley.

The Plot Thickens

It was at this point, when ACT's victory seemed certain, that Mrs. Shope's troubles began. They started when Commissioner Shirey did an about-face and joined Commissioner Kelley in voting to keep the CLT reappraisal. "We have to recognize there will be mistakes in any program where human beings are involved," Shirey explained. "I thought we ought to accept it with its faults and try to perfect it." Shirey then voted with Kelley to fire all of Mrs. Shope's appointees, as well as Wolosyn, the Assessment Board chairman who questioned the Mellon property values and later refused to accept CLT's figures. The day after his firing, Wolosyn was met at his office by a deputy sheriff who threatened to arrest him if he insisted on entering.

Later it was discovered that Shirey, who rents a farm from the Mellons, received at least $9,000 of his $12,000 in listed campaign contribu-

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tions from the Mellon family. The largest of the Mellon contributions to Shirey's campaign came from Richard Mellon Scaife (who was soon to attain national prominence when it was disclosed that he had contributed $990,000 in 330 $3,000 checks to President Nixon's 1972 reelection campaign).

Shirey was particularly disturbed by Wolosyn's public charges that the Mellons were receiving tax breaks. "There are great dangers involved in pushing the Mellons too hard on the assessment question," he explained. "There was once a time when I could pick up a phone and get a grant for a library from the Mellon Foundation, but now it's dried up. . . . You've got to be careful, the family could leave the county." This issue so concerned Shirey that he warned Mrs. Shope that he was prepared to sue her if the Mellons did leave.

"Now I know that there have been things carried out in this community that have been a little bit beneficial to them [the Mellons]. . . but if there have been mistakes, they could have been corrected very quietly without all of the commotion. Maybe there are still some mistakes. I don't know. I'm not an assessor, but I'm sure they'd like to have them corrected. . . my goodness, a few tax dollars to the Mellons wouldn't mean anything."

Shirey stressed that he had no obligations to the Mellon family or to his major contributor, Richard Mellon Scaife. "He has never once asked me to do a favor for him," Shirey insisted. "I'm free, I really can do anything I want."

One of the things Shirey did was join with Commissioner Kelley to exclude Mrs. Shope from executive sessions of the commission and they both failed to attend sessions she scheduled, even though she was its chairwoman. When she sought information on the CLT appraisal, the new Assessment Board chairman refused, explaining that he wasn't authorized to release any information unless he

Muzak fills the air as attractive secretaries and clean-cut young men in business suits move briskly about Cole-Layer-Trumble's modern office building in Dayton, Ohio. Seated in his panelled office, drinking coffee out of a jade green mug with CLT's gold monogram on the side, the company's president, William Gunlock, discusses the Westmoreland County controversy with philosophical detachment. "It's normal to receive charges that we didn't do our work properly," he explains. "It's the nature of the business. . . no one likes taxes; they always cause controversies. . . Westmoreland County's like the other places we work. We had no problems with the job until the politicians conspired to attack the program."

A bullishly fit man of about 45, Gunlock got into the assessing business direct from a career as a football coach at Ohio State and earlier at West Point where he is credited with having developed the famed lonesome end offensive strategy. When approached for an interview he said he was actually eager to answer any charges made against his company, no matter how long it might take. He wanted to describe just how CLT approaches its work, and demonstrate technological developments that he maintains CLT has introduced into the assessment industry.

Pointing to a computer spewing out magnetic tapes, he explained that the average local assessor is so unreliable—he then used the word "corrupt"—that "CLT assumes no information from any county can be used. We completely start from scratch and re-do everything," he explained. The former coach talked of the work of his company's appraisers much like a bishop might speak of the labors of his missionaries sent off to bring religion to the

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William Gunlock

darkest regions of Africa. This year alone CLT will determine how much tax the owners of more than a million properties across the country will have to pay. "CLT is doing more for tax reform than Ralph Nader ever dreamed of accomplishing."

As questions were asked, Gunlock called for his secretary to produce brochures and fact sheets and before the day was out a stack of papers and books a foot high stood ready to defend the company's integrity.

Controversy is simply an unavoidable consequence of CLT's work, Gunlock concluded cheerfully. But he admitted that certain recent developments have worried him. "I think there's almost a conspiracy forming against our company," he confided. "We're like the General Motors in our industry and we're getting some political potshots thrown at us." Gunlock thinks he knows who is behind the plot: "It's the Raider group," he said referring to Ralph Nader, whose lawyers recently have been investigating CLT in relationship to their work on property tax reform.

As to the specific charges of favoritism shown to certain property owners in Westmoreland County, Gunlock made use of a technicality to deny any responsibility whatsoever. "CLT may have recommended that a county change values but [by law] we can only recommend the change. They have the final decision to make on this." The problem, of course, is that counties hire mass appraisal firms to do their assessment work and invariably they do accept their valuations without question.

Law suits have continued to plague Cole-Layer-Trumble and the value of its stock has plummeted drastically. Meanwhile, the state of Tennessee initiated an investigation into the award of a major contract to CLT and subpoenaed Gunlock. Shortly afterward, he resigned as CLT's president.

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received an order signed by two of the commissioners.

About this time, as the issue became emotional, Mrs. Shope received an invitation from Robert Duggan the District Attorney of Allegheny County (Pittsburgh), to visit him in his office. Ten years before, Duggan had been the fair-haired boy of Pittsburgh politics and frequently mentioned as a likely candidate for offices on a national level. One of his most valuable assets was an intimate relationship with Richard Mellon Scaife as well as with Scaife's sister, Cordelia Scaife May. Duggan served as her personal lawyer, a position which reportedly netted him a small fortune for handling her mother's estate. When asked if he had represented Mrs. May in any property tax matters in Westmoreland County, he said he could not answer the question because of his attorney-client relationship with Mrs. May. Shortly thereafter Mrs. May's testimony was sought by the Internal Revenue Service in connection with an IRS investigation of the district attorney. She then flew to Nevada and married Duggan. The new wife of the D. A. was thus protected by law from having to testify against her husband.

Duggan had an enormous influence on Scaife, as well. The D. A. became his political mentor and introduced him to the world of right-wing politics, where Scaife became a major backer of Ronald Reagan, Max Rafferty, Barry Goldwater, and Richard Nixon. Scaife reciprocated by becoming Duggan's political patron.* "They [the Mellons] have always contributed to my campaigns because their business interests are here," Duggan stated. "Do you mean they were trying to make sure there is good government in Pittsburgh because that is where they do business?" "That's right," he replied.

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In recent years Duggan's reputation plummeted to the point where local reporters and law enforcement officials began to accuse him of having ties to the rackets. Such allegations are "ridiculous," he maintained, just after three of his key lieutenants were convicted by federal court juries. They were "in effect franchising all the numbers rackets in the Pittsburgh area," U.S. Attorney Thornburgh explained. Also, the chief of Duggans's "Racket Squad," Sam Ferrarro, was convicted on seven counts stemming from his acceptance of nearly $300,000-worth of protection payoffs. According to Thornburgh, the people doing the bribing in these cases were organized crime figures.

Coincidentally, Duggan was a lifelong friend of Westmoreland County Commissioner Shirey, and telephone company records show that Shirey was in almost daily telephone conversation with Duggan.

*Scaife remained loyal to Duggan despite rumors of his alleged underworld ties. But according to Thornburgh, Scaife "cut Duggan off" in September 1971 when the D. A.'s employees started to be indicted by the U.S. Attorney's office.

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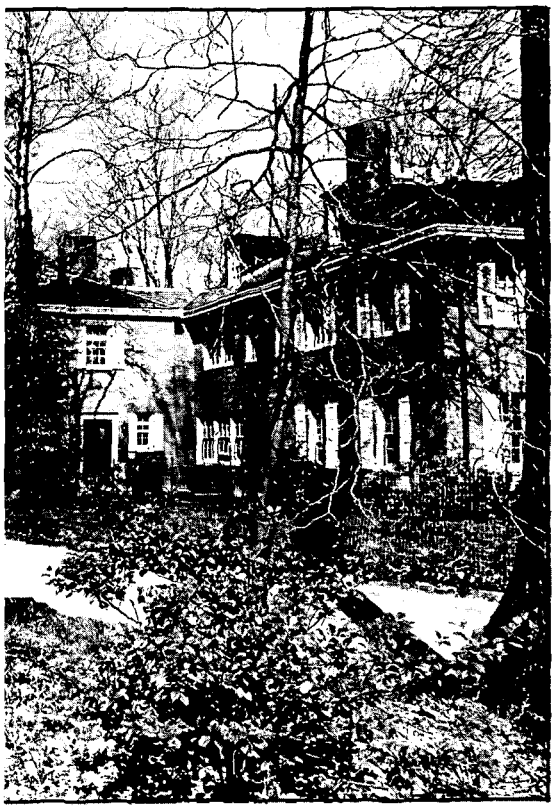

When Mrs. Shope came into the D.A.'s office in Pittsburgh, she was surprised to find that Duggan wanted to discuss her political activities in Westmoreland County. While the conversation was taking place, her attorney, who had arrived late for the meeting, was not permitted to enter the room. "Dottie, what will it take for you to work with Bob Shirey," she remembers Duggan asking her. The D. A. was not satisfied with her noncommittal reply. Mrs. Shope says that he then asked her to join him at dinner with Shirey "in a place where we won't be recognized." She refused.

"From that day on my life has become a living hell," Mrs. Shope says. She had already been operating under enormous strain. Several telephone calls came into the courthouse and to her home warning her that her children were going to be kidnapped. Later the brakes on her new car failed and the resulting accident demolished it. She wasn't able to assign responsibility for these incidents to anyone in particular; she rather felt she was being attacked from all sides.

Throughout her troubles this former housewife increasingly became the court of last appeal for property owners unable to get a fair hearing with CLT or the county. The letters that poured into her office testified to the crushing impact the CLT appraisals were having on a number of the county's homeowners. One letter, from Charles K. Thomas, a disabled pensioner, explained that because of CLT's appraisal increase, he and his wife would be forced to "leave the only home we have known since our marriage." The company's appraisers had valued his three-fourth's-acre plot of land at $6,375. "Compare the assessment of our lot with the Mellon holdings," he wrote Mrs. Shope.

Hundreds of other low-income homeowners faced similar choices. But the force that fueled ACT was not the poor and disadvantaged so much as it was the substantial middle-class homeowners unwilling to accept major tax increases after discovering they were paying the taxes that they thought others were avoiding. For a time Mrs. Shope was bolstered by the support of most of the country's homeowners, but this was of little help once Shirey turned against her.

As she continued to criticize the actions of the two county commissioners who were excluding her from their meetings, Judge Weiss reentered the controversy with an unprecedented proposal. Weiss, who had refused to call a special grand jury to investigate the CLT reappraisal because he said the District Attorney was being "political," announced that he was considering asking the grand jury to investigate Mrs. Shope for having "fomented the tax controversy."

Mrs. Shope was guilty of "wearing two hats," he explained. "Here she is acting both as chairman of the commissioners and as a private citizen fighting the will of the commission. Who ever heard of such a thing?" The

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crime the judge had in mind was "conflict of interest or nonfeasance." But then he said he was not certain what specific crime to cite. In fact, he admitted that he wasn't "certain that that matter properly rests within the confines of the grand jury. It's a special case," he explained. "I don't think you'll get a situation like this in too many places. Quite frankly," he confided, "what she's doing—well, it's just not kosher."

Mrs. Shope was not alone in her troubles. Former Assessment Board Chairman Wolosyn, after being barred from his office, went to work with ACT. When he arrived at the assessor's office one day with a group of ACT members to photograph records, five deputy sheriffs appeared. They explained their intimidating presence by saying they were responding to reports that there was a disturbance of the peace. The county records, previously open to the public, were then made confidential. One ACT member, who on six different occasions was denied access to her own property tax card, finally resorted to hiring a lawyer to force the county to show it to her.

At the height of the controversy in late 1971, Robert Elston, the chairman of ACT and a research technician at the Koppers Co., was investigating the financing of a public housing project when his car was fire-bombed. On a second occasion, he smelled gas in his car and just managed to jump out before it ignited. He doesn't believe the fire-bombings were related to his property tax research, but he observes that "anything can happen in Westmoreland County."

Crusading Journalism

Despite the alarming nature of such incidents, the local press in Westmoreland County played down the threats and intimidation of ACT's members. In fact, it was largely because of the local press and, in particular, Scaife's Greensburg *Tribune Review*, that the criticism of CLT's reappraisal was temporarily silenced. The paper accomplished this with a six-part series of articles evaluating "all sides of the tax controversy." The articles, written by the *Tribune-Review*'s county courthouse reporter, Tom Wertz, concluded that the controversy "was largely a contrived tax revolt." "Politics" had been the motivating force in the attacks made against the county officials who were defending CLT's program. The reappraisal, Wertz declared, was actually an "amazing feat" that had largely corrected the "fantastic inequities that had existed before." Mrs. Shope, he concluded, by trying to block acceptance of the reappraisal, was "in effect saying that she intends to maintain and support the existing inequities in assessments."

The articles, however, attempted to explain only why homes and farms had experienced increases. They did not examine assessments on factories, businesses, or large real estate holdings such as those of the Mellon family. Wertz later acknowledged that Scaife, for a time, had tried to have his reporters shade stories: for example, to "downplay 'liberals' like Hugh Scott. . . but he's stopped trying to interfere and control the hard news," the reporter asserted. "If there had been any truth to the assessment charges he would have published it."

Shortly after Wertz spoke these words, Scaife ordered his editors to destroy all unfavorable pictures of then-President Nixon in the paper's files and henceforth run only photographs of Nixon smiling. Then, when the wire services started to report accounts of tortures and killings attributed to the military junta in Chile, the publisher decreed that there would be no more unfavorable accounts of the junta carried in his paper. Later he killed a story already in print reporting the drug arrest of the son of one of his friends.

By this time a major confrontation at the paper was brewing when a young reporter, Jude Dippold, was assigned to interview Commissioner

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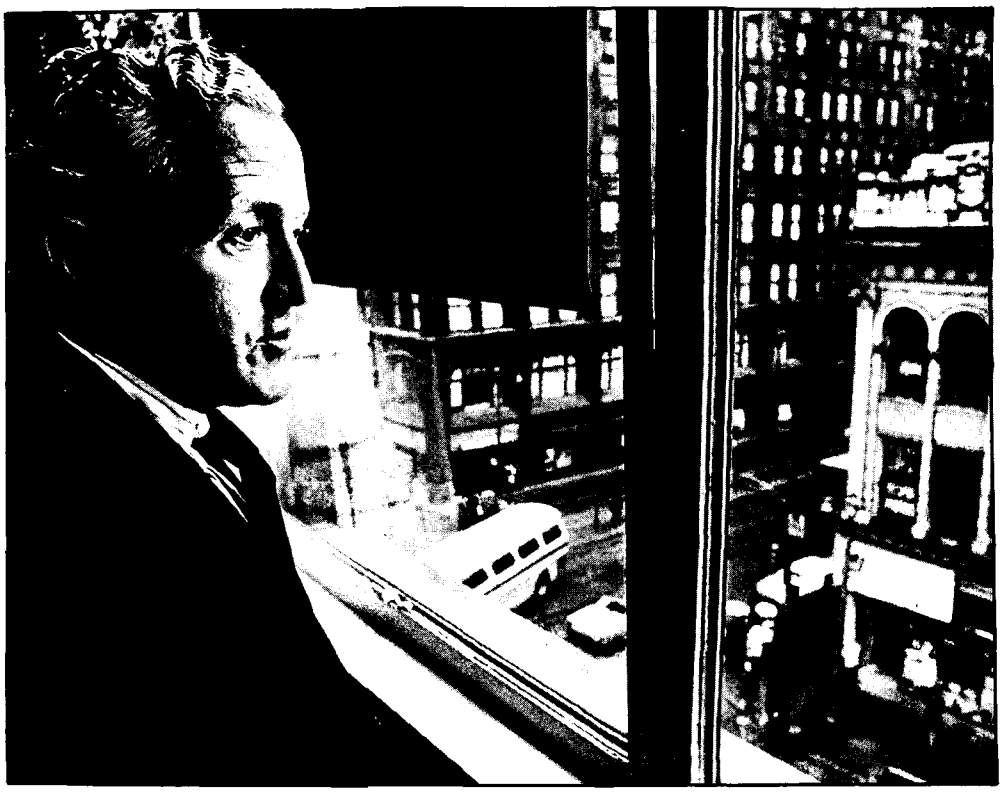

Donald Meeker

Robert Duggan

Shirey. Afterwards, Dippold interviewed Shirey's foe, Commissioner Shope, on the same subject. For some reason Shirey considered this a breach of confidence and complained to Scaife, who ordered the night managing editor to fire Dippold. The editor refused, and he was fired also.

Wertz, who had just been designated the paper's "investigative reporter," felt that Scaife's action signaled an end to whatever limited autonomy Wertz once possessed, and he demanded an explanation. Scaife retorted, "Your dismissal's accepted." Ten other reporters resigned in support of Wertz's position. Tom Aikens, the paper's managing editor, said that Scaife had been slowly bringing in a group of his political lieutenants to run the paper. Most of them had been on Scaife's personal or family foundation payrolls, Aikens said, and some had worked as Scaife's personal representatives in campaigns of extreme right-wing candidates. "It's a bad situation," the editor said, "and it's bound to get worse." Later Aikens was presented with a typed sheet of paper to sign—his own resignation.

Outside Agitators

There is a depressing similarity to the life of most local reform movements: In the beginning there is much sound and fury and a few dramatic victories; but then the powers challenged by the reformers organize, and the rebellion is crushed. This is how ACT—like its spiritual ancestors in the Whiskey Rebellion—was about to be destroyed as a political force. It appeared to be a reenactment of an old story in American politics, but in this instance a new twist to the ending gives ACT's experience significance as a measure of the strength of political reform in America today.

The change in ACT's fortunes resulted from appeals for help sent by

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one of ACT's members in a letter addressed to "Ralph Nader, Washington, D.C." Within a few weeks a young tax specialist with Nader's Tax Reform Research Group, Jonathan Rowe, was in Westmoreland County. After confirming preliminarily ACT's allegations, he returned to Washington to begin a full-scale investigation of CLT's work in other communities across the country; at the same time Nader's field organizer, Barry Greever, set off for Pennsylvania to help revitalize ACT. What ensued can be viewed as a case study of the impact national reform organizations can have on local efforts.

Lawrence Walsh, who covered the Nader intervention for the *Pittsburgh Press*, observed that Rowe and Greever seemed to breathe life back into ACT. "They gave them a scent of blood and the belief that for the first time someone cared about them and was going to give them a hand." Up until that time all of ACT's charges had been met mostly with simple denials or with no response whatsoever. When the local news media also failed to respond, the frustrated reformers assumed there was nothing left to do.

Greever, however, had encountered similar obstacles as a civil rights organizer in the South, and he sensed an opportunity to force CLT's hand by exposing the reappraisal scandal on a national rather than a local level. He had two angles that he was certain would attract national coverage at a press conference scheduled in Pittsburgh. The first was the information Rowe was sending in from Washington, establishing CLT's involvement in remarkably similar controversies elsewhere throughout the country. Among other things, Rowe found that courts in Fort Wayne, Indiana, Atlanta, Georgia, and Quincy, Massachusetts, had declared invalid CLT's mass appraisals in those cities. In Nashville, a judge, after striking down CLT's farmland assessments, commented that the company's appraisals had been so excessive that their adoption would have "effectively halted all bona fide farming operations in the county." Nashville's assessor, Clifford Allen, a former president of the International Association of Assessing Officials, added his own charge that CLT had systematically provided low appraisals to large industrial and commercial property owners. Similar charges were heard in Wilmington, Delaware, where CLT had given $33-million worth of appraisal reductions to various industrial properties. These suspicious reductions, in addition to an estimated one million clerical errors found in CLT's original computer print-out, prompted the city's assessment officials to hire another appraisal firm to appraise CLT's appraisal. In West Virginia, state tax officials were so disturbed by the company's work—particularly with regard to an attempt to lower Consolidated Coal Company's assessment by $12 million just after the company had built a major new plant—that they decided not to give any further state contracts to CLT.

Greever was confident that these revelations would attract some attention, but he knew that the information guaranteed to unleash the controversy before a national audience was the disclosure that tax breaks might be going to the Mellons.

Throughout the reappraisal controversy the Mellons refused all requests for interviews. Finally, in response to repeated demands for an explanation, the family's public relations official sent an unsigned statement stating that "the Mellon Family has done everything possible to assure that they are paying their fair share of real estate taxes in Westmoreland County. The only reason their name is being used in this discussion is that it serves to publicize the efforts of the Tax Reform Research Group." It left unanswered the question as to whether the reference to the "Mellon Family" included Richard Mellon Scaife, who also had rejected all requests for an interview.

Although Scaife and the Mellon

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family could keep silent and wait for the controversy to subside, reports of the charges made at the Nader press conference, appearing in *The New York Times* and other newspapers in various parts of the country, forced Cole-Layer-Trumble to rush to its own defense. "CLT wouldn't even reply to our charges because we were shut out of the local papers," observed Mrs. Shope. "But then the Nader people came in and arranged the news conference, and all of a sudden CLT started talking and people began to think that maybe there was something to all this after all."

Soon Rowe and Greever were working with reporters, tax groups and county officials throughout the country, feeding them information about CLT and encouraging local investigations. They even persuaded the U.S. Senate Subcommittee on Intergovernmental Relations, headed by Senator Edmund S. Muskie, which was investigating the administration of local property taxes, to hold hearings on CLT.

Meanwhile, in Westmoreland County, something had happened to the ACT members who had worked with the Nader organizers. The major limitation on the effectiveness of local reformers is their isolation and hence their vulnerability to the local power structure. The arrival of an outside organizer, such as Greever or Rowe, provides a protective counterbalance. The effect of the Nader presence on ACT and particularly on Mrs. Shope was immense.

The harrassment ceased. Bursting with renewed indignation, she called a press conference to condemn her two fellow commissioners and set to work to elect an ACT member District Attorney. He lost but his defeat failed to discourage her. She was no longer just a reform-minded county commissioner—she now had a powerful ally in Ralph Nader.

"It's all been quite an education for me," Mrs. Shope said as she reflected on what she has faced in the politics of Westmoreland County. She freely admits that ACT hasn't accomplished much of anything tangible—most of the tax inequities still stand. But to Mrs. Shope and the surviving reformers in ACT, the fight has just begun, "I'm not through with this yet. . . . You'd have to be crazy to think I'd give up the fight now."

Even Mrs. Shope had second thoughts about her crusading, however, when whe learned of the fate of Robert Duggan. Just an hour before a federal grand jury returned an eight-count indictment against the Pittsburgh D. A. (U. S. Attorney Thornberg alleges he took at least a quarter of a million dollars in racket payoffs) Duggan was found dead on the lawn of his country estate in Westmoreland County, the victim of a self-inflicted shotgun blast to the chest. Mrs. Shope called me to relate this latest Westmoreland County development. After mentioning her earlier meeting with Duggan, this former suburban innocent exclaimed: "Now maybe you'll understand what we've been fighting here." ■

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political book notes

Public affairs books to be published in June.

The Awkward Embrace: The Creative Artist and the Institutions in America. Joan Simpson Burns. Knopf, $15.

The Brain Bank of America: An Inquiry into the Politics of Science. Philip M. Boffey. McGraw-Hill, $10.95. This book is about "the National Academy of Sciences, the nation's most prestigious scientific organization. The Academy, which operates from marble headquarters facing the Lincoln Memorial in Washington, D.C., was created by an Act of Congress in 1863 to serve as an official adviser to the federal government. It also acts as an exclusive, self-perpetuating honor society, which each year elects a limited number of scientists to membership in recognition of their outstanding, original scientific work. . . ."

Their power, the author tells us, is all too often used in behalf of the special interests. He documents his case in chapters on the SST, disposal of radioactive waste, deflation, food additives, and pesticides. Boffey is a fine reporter. The case he makes is powerful.

Crazy Salad: Some Things About Women. Nora Ephron. Knopf, $6.95.

Crime Pays! The Theory and Practice of Professional Crime in the United States. Thomas Plate. Simon & Schuster, $9.95.

De-managing America: The Final Revolution. Dick Corneulle. Random House, $6.95.

Dirty Money: Swiss Banks, Watergate, the Mafia, Money Laundering and White Collar Crime. Thurston Clarke, John J. Tigue, Jr. Simon & Schuster, $8.95.

The Elusive Peace in the Middle East. Malcolm H. Kerr, ed. State Univ. of New York Press, $14.95/6.95.

The Forest Killers: The Destruction of the American Wilderness. Jack Shepherd. Weybright & Talley, $14.95. Although this book tells you more about the lumber industry than you'd ever want to know, it does a thorough job of muckraking, detailing the destruction of our forests. Much of the author's rage is directed at the pro-industry U. S. Forest Service and a barbaric practice known as "clearcutting" that has wiped out all vegetation and trees in thousands of square miles of public forests. The industry's demand for even more land is especially galling in light of the failure to re-forest or use efficiently the trees that have already been cut. Unfortunately, this high-priced volume, crammed with dry facts, is unlikely to have much of an impact.

The Game of Business. John McDonald. Doubleday, $15.

Global Companies: The Political Economy of World Business. George W. Ball, ed. Spectrum, $8.95/$2.95.

The Great American Birth Rite. William and Joanna Woolfolk. Dial, $8.95.

The Great Detente Disaster: Oil and the Decline of American Foreign Policy. Edward Friedland, Paul Seabury, Aaron Wildavsky. Basic, $7.95.

Human Jurisprudence: Public Law as Political Science. Glendon Schubert. Univ. of Hawaii Press, $15.

I Don't Need You When I'm Right: The Confessions of a Washington PR Man. Vic Gold. Morrow, $6.95. An often amusing and illuminating guide to the tricks of the corporate and political PR man by Spiro Agnew's former press secretary. Like Bill Safire's recent book, it proves that all those guys weren't as bad as their bosses. But the unhappy truth is that they were bad enough to work for their bosses—not for an innocent couple of months, but for years.

In Command of Tomorrow: Resource and Environmental Strategies for Americans. Sterling Brubaker. Johns Hopkins, $7.95.

King Cancer: The Good, the Bad, and the Cure of Cancer. Philip Nobile. Sheed & Ward. An often casual but comprehensible examination of a gruesome subject. The author describes cancer diagnosis and treatment as the jealously guarded province of less-than-expert doctors committed to the territorial imperatives of their individual specialties. The book, spiced with vignettes of frantic victims desperately searching for cures, offers readers an informative survey of various treatments. His major warning: Don't trust your family physician or local hospital—only a handful of cancer centers provide top-quality diagnosis and care. But the book is woefully short of analysis on the progress of cancer research and marred by an unnecessarily flippant tone: "Cancer, if it wants you badly enough, and it does, can get you almost anywhere."

Laws Against Marijuana: The Price We Pay. Arthur D. Hellman. Univ. of Illinois, $10. A convincing indictment of our antiquated and self-defeating laws against marijuana. Although Hellman, a lawyer, believes existing marijuana statutes undermine the dignity of the law, his focus is not their morality, nor even their medical validity (resolution of that debate almost invariably depends on who is doing the research), but their poor cost-benefit ratio. Citing the millions of dollars spent on surveillance, undercover

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work, border patrols, and crowded court dockets, Hellman demonstrates that the costs of attempting to enforce marijuana laws far exceed benefits gained. He urges regulation and licensing, and warns, "Any other course of action will further debase the quality of justice and law enforcement and alienate from society many of its most valuable constituents."

Liberal Parents, Radical Children. Midge Decter. Coward, McCann & Geoghegan, $7.95.

Making Democracy Safe for Oil: Oilmen and the Islamic East. Christopher T. Rand. Atlantic Monthly Press, $10. This analysis of American oil policy in the Middle East, from the CIA-backed overthrow of Mosaddegh in August 1953 to the record profit-making of U.S. oil companies last year, demonstrates a thorough knowledge of American foreign investment and the united struggle of the federal government and the oil majors to maintain control of energy abroad. Rand says that it is sheer myth that U. S. oil companies were caught by surprise in the 1973 oil embargo, and that they in fact used the embargo to supreme advantage. Rand calls the oil industry "far too powerful, too isolated, and too unaccountable to have become another typical American meritocracy." He goes on to say that "were American interests totally banished from the Moslem world—or indeed from everywhere outside North America—the American oil industry could still function smoothly. America still receives, in mid-1974, over 80 per cent of its crude oil and refined products from North America and Venezuela. The oil industry could still minister the needs of the American consumer and operate at a profit."

The Making of the New Majority Party. William A. Rusher. Sheed & Ward, $6.95.

Mergers: Motives, Effects, Policies. Peter O. Steiner. Univ. of Michigan, $12.50.

The New Guide to the Religions in America: Ferment and Faith in an Age of Crisis. Leo Rosten, ed. Simon & Schuster.

On Socialist Democracy. Roy A Medvedev. Knopf, $12.50.

The Pieces of the Frame. John McPhee. Farrar, Straus & Giroux, $8.95.

Power, Influence and Authority. David V. J. Bell. Oxford, $6.95. With unrelenting seriousness, Bell sets out to show the myriad ways "politics is talk." Literally, your bark *is* your bite. Exhibitng an affection for linguistic theories that few readers are likely to share, Bell nonetheless describes a number of intriguing concepts (such as the use and interpretation of silence in political communities) and offers a surprising amount of how-to information. Ironically, it is Bell's awkwardness of expression (confessed as "academic prose") that will first alienate readers intrigued by the book's title. What will secondly alienate all but the politically naive is the energy with which Bell belabors the obvious as soon as he departs the world of abstraction for the world of political history (the "Nixonese" of Watergate and Vietnam).

The Reaffirmation of Republicanism: Eisenhower and the Eighty-Third Congress. Gary W. Reichard. Univ. of Tennessee Press, $14.95. An historical analysis of Eisenhower's first term, relying heavily on quantitative techniques to determine whether Eisenhower could be credited with having "renovated" or simply "reaffirmed" Republicanism. The author concludes Eisenhower deserves only the latter: "Very conservative in fiscal affairs and devoted to the principle of local responsibility in power and resource development, President Eisenhower acquiesced in certain New Deal programs but did nothing to expand on them, and he remained philosophically opposed to much of the spirit of both the New and Fair Deals. His acquiescence in programs like social security and limited public housing reflected political inevitability by the 1950s, not the triumph of a 'moderate' or 'liberal' wing within the Republican party."

Rx for Riches: The Remarkable Life of Dr. Armand Hammer. Bob Considine. Harper & Row, $12.50.

The Story of the Jewish Defense League. Rabbi Meir Kahane. Chilton, $7.95.

The Superwarriors: The Fantastic World of Pentagon Superweapons. James W. Canan. Weybright & Talley, $12.50.

Thinking About Crime. James Q. Wilson. Basic, $10,95.

The United States and Chile: Imperialism and the Overthrow of the Allende Government. James Petras, Morris Morley. Monthly Review, $10.95. If you can fight your way through the deadening jargon, you'll find that the authors deliver a solid discussion of the reasoning behind U. S. involvement in the Allende overthrow, sharp pictures of the maneuvering by U.S. multinational corporations, and a disheartening denouement of the double-talk with which Henry Kissinger sought to cloak his actions.

The United States: A Study of a Developing Country. Ira Sharkansky. McKay, $8.95/3.95.

The Vitamin Conspiracy. John J. Fried. Saturday Review Press, $7.95.

With the Weathermen: The Personal Journal of a Revolutionary Woman. Susan Stern. Doubleday, $8.95.

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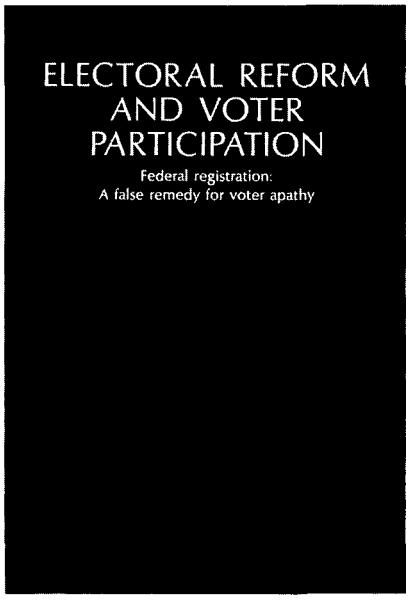

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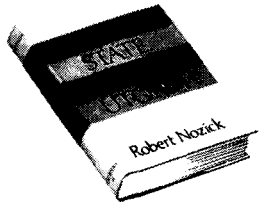

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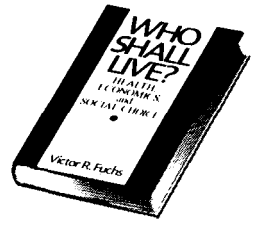

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